

FBIS**DAILY REPORT
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ZHAO ZIYANG MEETS NEW U.S. ENVOY, OTHERS 20 DEC

OW201240 Beijing XINHUA in English 1220 GMT 20 Dec 85

[Text] Beijing, December 20 (XINHUA) -- Premier Zhao Ziyang met on separate occasions here today with new Burundi Ambassador to China Niyungeko Jonaphas, new U.S. Ambassador to China Winston Lord, new Australian Ambassador to China Ross Garnaut and outgoing Ugandan Ambassador to China George Paliel Ufoyuru.

GUANGMING RIBAO ON U.S.-SOVIET ARMS TALKS

HK201448 Beijing GUANGMING RIBAO in Chinese 16 Dec 85 p 4

["Year-ender" by Wang Xianhua, reporter based in Geneva: "U.S.-Soviet Contention as Viewed From the Geneva Disarmament Talks"]

[Text] Taking Turns at Escalating the Arms Race

After taking turns at escalating the arms race between them, the United States and the Soviet Union reopened the Geneva disarmament talks against the background of their hostile relations. In the 1970's, under the signboard of "detente," the Soviet Union tried its best to stockpile more nuclear arms than the United States. As a result, the Soviet nuclear strength then was more or less on par with that of the United States. The Soviet invasion of Afghanistan in 1979 led to a deterioration in U.S.-Soviet relations. By deploying SS-20 guided missiles targeted at Western Europe, the Soviet Union upset the balance of U.S. and Soviet nuclear strength in Europe and introduced panic into NATO. Since Reagan assumed power, he has adopted a hardline policy against the Soviet Union, accelerated the stockpiling of weapons, and persuaded NATO members to allow the United States to deploy Pershing II missiles and cruise missiles in their territories in order to counter the SS-20 missiles. Consequently, the confrontation between the United States and the Soviet Union became increasingly fierce. At the end of 1983, the Soviet Union announced the suspension of the disarmament talks. In March, 1983, before the dispute over the deployment of guided missiles in Europe began to subside, Reagan put forward a "Strategic Defense Initiative" (also known as "star wars") thus expanding the arms race to outer space. In order to draw public opinion to its side and to meet the challenge posed by a space arms race, the Soviet Union had to return to the conference table. In January, 1985, former Soviet Foreign Minister Gromyko and U.S. Secretary of State Shultz met and reached an agreement in Geneva, thus reopening the disarmament talks.

Proposals, Counterproposals, and Contention for Public Opinion

The reopening of the U.S.-Soviet disarmament talks injected an element of dialogue into their confrontation. Between March and early November this year, three rounds of talks were held between the U.S. and Soviet disarmament delegations with each raising proposals and counterproposals. So far, the proposal raised by Gorbachev on 3 October while visiting France, and the counterproposal announced by Reagan on 1 November, have drawn the most attention. These two proposals have some similarities. For example: Both sides agreed to reduce their strategic nuclear arms by 50 percent. Second, the Soviet Union suggested that the maximum number of warheads owned by each side should be maintained at 6,000 and that the number of medium-range guided missiles deployed in Europe should be temporarily frozen. The United States raised no serious objections to this. However, the third round of talks between the U.S. and Soviet delegations in October was fruitless. At this round of talks, the stand adopted by the United States was markedly different from that of the Soviet Union. First, the Soviet proposal for a large-scale reduction of nuclear arms required that Reagan abandon his "star wars" program.

The United States refused to accept this. Second, the Soviet Union called for reductions in intercontinental missiles, submarine-launched missiles, and heavy bombers, whereas the United States proposed a limit to the number of intercontinental missiles but not to that of submarine-launched missiles and heavy bombers. And third, the Soviet Union called for the classification of Pershing II guided missiles and cruise missiles as strategic arms, and hence for a reduction in their numbers. However, it did not count the SS-20 guided missiles and other medium-range guided missiles targeted on Europe as strategic arms. The United States objected to this. In counting weapons and warheads, they criticized each other and refused to give in. Thus, it can be seen that both the United States and Soviet Union want to achieve and maintain military superiority and to maintain their first-strike nuclear capabilities in particular. By raising proposals and counterproposals, they are trying to enlist the support of public opinion, particularly that in Western Europe.

Differences Persist After the Summit

On 19 and 20 November, as the battle between the United States and the Soviet Union for public opinion was reaching its climax, Reagan and Gorbachev held talks in Geneva. On 21 November, they were present at the signing of a U.S.-Soviet joint declaration. As the United States and the Soviet Union are going to devote further efforts to political dialogue and bilateral intercourse, their bilateral relations would improve somewhat. This could contribute to alleviating international tension. However, they still have great differences over a number of important matters of principle. Reagan and Gorbachev "heatedly debated" the issues of "star wars" and regional conflicts. Neither side made concessions on the issues of "star wars" and nuclear arms reduction. In addition, no progress was made on the issue of prolonging the validity of SALT II and the issue of a treaty on limiting the number of antiballistic missiles. Judging by news reports and the remarks of the U.S. and Soviet spokesmen, the two sides failed to reach a consensus on either Afghanistan or Nicaragua. They only made known their general positions on reducing nuclear weapons by 50 percent and speeding up the work at the Geneva disarmament talks and the provisional agreement on medium-range missiles in Europe.

As the "Ship Rises With the Tide," Vigilance Must Be Maintained

From the course of U.S.-Soviet talks we can see some characteristics of the U.S.-Soviet contention. First, the arms race has always been a central issue in U.S.-Soviet contention. Second, the escalation of the arms race will make it more difficult to reach agreements at the disarmament talks. The United States has allocated funds for the "star wars" program and Britain has indicated its willingness to join. Some allies have also expressed their support and some companies have started research into its development. Gorbachev has publicly stated that if the United States persists in its "star wars" program, the Soviet Union will be prepared to pay any price to seek "effective countermeasures." People are worried about the prospects of the militarization of outer space and the escalation of the arms race to outer space. Third, U.S.-Soviet military contention is intertwined with their contention for the intermediate zone. Fourth, U.S.-Soviet contention is restricted not only by the domestic forces in each country but also by the growing world public opinion.

All countries in the world hope that both the United States and the Soviet Union will genuinely engage in arms reduction in order to reduce the danger of a nuclear war. However, the U.S.-Soviet summit and the long-drawn-out disarmament talks have not led to a reduction in the arms race. On the contrary, the "ship rises with the tide." For this reason, the people of the world should still maintain a high degree of vigilance.

U.S. POLICY TOWARD USSR AFTER SUMMIT EXAMINED

OW201621 Beijing XINHUA in English 1509 GMT 20 Dec 85

["Yearend: U.S. Policy Toward Soviet Union After Summit (by Shi Lujia)" -- XINHUA headline]

[Text] Washington, December 20 (XINHUA) -- The summit meeting between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev in Geneva on November 19-20 indicated that relations between the two superpowers, which have been cool for years, have now entered into a period characterized by confrontation as well as dialogue.

There are many reasons for the emergence of this situation. But judging from the American side, it is mainly the result of a shift in Reagan's policy towards the Soviet Union since his second term began in January of this year. While going all out to strengthen its military buildup and intensify its confrontation with the Soviet Union in every part of the world, the Reagan administration has made some adjustments in its policy towards the Soviet Union. The United States has begun to put more emphasis on its willingness to establish a "stable, more constructive relationship" with the Soviet Union rather than to condemn it with acrimonious rhetoric.

The U.S. resumed nuclear arms control negotiations with the Soviet Union which have been suspended for more than a year, and agreed to have space weapons included in the negotiations. Washington took the initiative by proposing a U.S.-Soviet summit meeting soon after Soviet leader Mikhail Gorbachev came into power. The United States also agreed to resume talks with the Soviet Union on regional issues which have been broken off for years. So far, the two countries have held a number of talks on the situations of Afghanistan, the Middle East, southern Africa, East Asia and Central America. The two countries also reopened bilateral trade consultations which have been suspended since 1979 and reached a number of agreements on pending issues such as the resumption of civil air traffic, the improvement of air safety in the northern Pacific and the exchanges of consulates in New York and Kiev.

The shift was made after Reagan had pursued the toughest post-war policy towards the Soviet Union during his first term in office. To some degree the shift was prompted by political and economic elements at home and pressures from the U.S. allies abroad. But fundamentally speaking, it was caused by the current balance of forces between the two superpowers and the sharp realities of world politics.

One of the realities is that the two superpowers have tried to seek military superiority and intend to win an upper-hand in their military rivalry, but both of them are incompetent to achieve the purpose.

Secondly, both sides possess enough nuclear weapons to destroy the other side. Precisely because of this, both of them want to refrain from a nuclear exchange.

Thirdly, the peace forces in the world have been growing ever stronger and the people of the world including the peoples of the United States and the Soviet Union strongly demand peace and oppose war. Reagan has summarized the three key elements of "strength, dialogue and realism" as his policy in dealing with the Soviet Union.

The U.S.-Soviet Geneva summit in November failed to reach any agreement on substantial issues. Both sides recognized they still remain deeply divided over a number of critical issues.

However, the two countries pledged to "accelerate the work" at the Geneva arms control talks and continue to undertake consultations on regional issues. They also agreed that the leaders of the two countries would meet again and dialogue at "various levels" will be held on an irregular basis and agencies and people-to-people exchanges be promoted. All this indicates that some adjustments in U.S. policy towards the Soviet Union have been echoed to some extent by the Soviet Union.

In view of speeches by high-ranking U.S. officials after the summit, the United States is predicted to take the following actions in dealing with the Soviet Union.

--To continue to strengthen its military forces. The United States consistently held that the only word the Soviet Union believes is strength. Reagan said recently that it is his policy of rearmament in the past few years that made it possible for the summit to take "a first step" towards easing the relations between the two countries. In his address to Congress after his return from Geneva, Reagan appealed to Congress to increase military spending, claiming that only in this way can the U.S. urge the Soviet Union to hold serious negotiations with the United States.

--To maintain the momentum of dialogue and try to reach an arms control agreement with the Soviet Union in U.S. favor. The main purpose of the United States in negotiations with the Soviets is still aimed at weakening Soviet superiority in land-based inter-continental missiles while going ahead with its Strategic Defense Initiative (SDI), commonly known as the "star wars" program.

--To insist on the stand that negotiations on regional issues should be linked to the nuclear disarmament talks in an attempt to force the Soviet Union to retreat from Asia, Africa and Latin America. Calling on the Soviet Union to match its words with concrete deeds, Reagan urged the Soviet Union to set forth a timetable for the withdrawal of its troops from Afghanistan. Meanwhile, the United States will continue to intensify its diplomatic offensive in an attempt to squeeze the Soviet forces out of world "hot spots".

Although the relationship characterized by confrontation and dialogue have taken shape between the U.S. and the Soviet Union, how long will this situation last? What form the confrontation will take? And what results the dialogue will produce? This will depend not only on the two superpowers themselves, but also on the changes of the various forces in the world. Anyway, it is the hope of the world people that the two superpowers conduct a serious dialogue and reduce confrontation. [paragraph as received]

GU MU MEETS INTERNATIONAL BUSINESSMAN 20 DEC

OW201400 Beijing XINHUA in English 1241 GMT 20 Dec 85

[Text] Beijing, December 20 (XINHUA) -- Chinese State Councillor Gu Mu met here today with Huang Nan Yong, general manager of the International Petroleum-Chemical (Group) Co. Ltd.

Gu appreciated Huang's efforts to raise funds for building a petro chemical complex in the Shantou Special Economic Zone, Guangdong.

BEIJING RUSSIAN REVIEWS 1985 PRC-USSR EXCHANGES

OW230209 Beijing in Russian to the USSR 1800 GMT 21 Dec 85

["Pages of Friendship" program]

[Text] Dear Soviet radio listeners: Today's "Pages of Friendship" program is the last in 1985. According to established tradition, at this time we review items carried in the "Pages of Friendship" program during the past year. We note with joy that in the past year relations and contacts between China and the Soviet Union improved in the field of economics, trade, science, technology, culture, and other fields, and relations have been resumed between parliaments. All that plays a positive role in the development of relations between our two countries. In reviewing materials of the past year we come across warm and friendly meetings and hear warm and moving speeches. China and the Soviet Union exchanged delegations and groups during the year. But it is better that we begin at the beginning.

In March of this year, a delegation of the National People's Congress of the PRC led by Zhang Chengxian, member of the NPC Standing Committee, arrived in the Soviet Union. This visit was the first contact since the parliaments of the two countries stopped exchange visits many years ago. After the delegation returned to Beijing, delegation leader Zhang Chengxian gave a radio talk for Soviet comrades and friends. He noted that during the visit, the delegation successfully fulfilled its mission, expressed the friendly feelings of the Chinese people for the Soviet people, contributed to the development of friendly relations between the two countries and people of the two countries, and exchanged parliamentary work experiences.

Wherever we went, said Zhang Chengxian, Moscow, Kiev, or Leningrad, the delegation was accorded a warm and friendly welcome. We deeply felt the friendly feelings of the Soviet people for the Chinese people and their desire to improve friendship between the peoples of the two countries. At the same time we noted the tremendous successes achieved by the Soviet people in the construction of socialism. Through Beijing Radio he again expressed sincere gratitude for the warm and friendly welcome the Soviet people accorded the NPC delegation.

A delegation of the USSR Supreme Soviet led by Tolkunov, chairman of the Council of the Union of the USSR Supreme Soviet, arrived in Beijing on 10 October for a return visit. During its visit, the delegation visited Guangzhou, Hangzhou, and Shanghai. Tolkunov regards this visit as successful and fruitful. He said that during its visit the delegation met with PRC President Li Xiannian, NPC Standing Committee Chairman Peng Zhen, and other leaders. Delegation members held talks with their Chinese colleagues during which they exchanged experiences in parliamentary work, and discussed international issues as well as the issue of Soviet-Chinese relations. He said that contacts between the parliaments of the Soviet Union and the PRC help deepen mutual understanding between the two countries and peoples and help establish friendly and good-neighborly relations.

Our radio listeners have of course known for a long time that in recent years there has been a rapid development in Sino-Soviet relations in the economic and trade fields. It is worthwhile to recall the visit to China toward the end of 1984 by Arkhipov, first deputy chairman of the USSR Council of Ministers. Comrade Arkhipov's visit to China achieved important successes. The Governments of China and the Soviet Union signed three documents: an agreement on economic and technological cooperation; an agreement on scientific and technological cooperation; and an agreement on the formation of a Sino-Soviet commission on economic, trade, scientific and technological cooperation.

The signing of these documents indicates that both countries made a great step in furthering cooperation in the economic, trade, scientific and technological fields. Arkhipov's visit to China signifies an increase in the level of contacts and relations between the two countries, and the visit will contribute to improving mutual understanding and the normalization of relations between the two countries.

Then at the invitation of the Soviet Government, Yao Yilin, vice premier of the State Council, paid a visit to the Soviet Union in July. Both sides signed an agreement between the Governments of PRC and the USSR on trade exchange and payments for the 1986-90 period and an agreement between the Governments of the PRC and the USSR on economic and technological cooperation in the construction and reconstruction of industrial projects in the PRC. They are of great importance for the further stable development of economic and trade relations between the two countries for a long period.

Speaking at banquet given in his honor by Arkhipov, Yao Yilin indicated that owing to efforts made by the two sides, positive changes had taken place in Sino-Soviet relations in the last few years. Nevertheless, both countries still have to do a considerable amount of work to further reveal the potential in economic cooperation between the two countries and overcome difficulties in their political relations.

Yao Yilin pointed out that the problems existing between the two countries can be solved and their relations improved only if both sides sincerely desire it and examined the problems from the point of view of long-range prospects and the overall situation and turn desire into action. Yao Yilin's visit will help achieve this aim.

According to data supplied by the PRC Ministry of Foreign Economic Relations and Trade, in 1981 and 1982 the volume of trade between China and the Soviet Union was correspondingly 400 million and 600 million Swiss francs; in 1985 it rose to 4.6 billion Swiss francs, reaching the highest level in 25 years.

In order to improve the transportation of Chinese and Soviet import and export goods, a Chinese Government delegation of transport workers led by Zhao Weichen visited the Soviet Union in March. Both sides signed a protocol on the talks between the PRC and the USSR concerning the transportation of foreign trade goods in 1985.

In order to give impetus to the development of trade relations between the two countries, both sides mutually organized exhibitions. A Soviet book exhibition was held in Beijing in July; in September, a Chinese delegation took part in the fifth Moscow International Book Exhibition and Fair. In the same month, China took part in the third international "Interbytmarsh-85" exhibition. For the first time since 1953, China organized an economic-trade exhibition in the Soviet Union. Fired by desire to find out as much as possible about China, many Soviet friends visited the exhibition. They highly praised China's achievements in economic construction. Speaking over the radio, Comrade Zhu Yushan, director of the Chinese exhibition, said that during the exhibition the sincere and friendly feeling of the Soviet people for the Chinese people left a great impression of them. A young visitor from Rostov-Na-Donu told the Chinese translator: We must live in lasting friendship.

In November, the Soviet Union took part in the fourth international fair of Asian and Pacific countries held in Beijing. The fair was a forum for developing trade and strengthening friendship in which 26 countries and regions of the world participated.

During an interview with our radio correspondents, Soviet exhibition director Shpakov said: This is the first time in 30 years that we have organized such a large exhibition. For this reason we were naturally interested in finding out whether our comrades would like our exhibition. I can say that we were pleased to see that this exhibition is arousing interest among the visitors. Naturally we are pleased. We appreciate the friendly attitude of the Chinese visitors and the very hospitable and warm welcome accorded us. We like that very much.

Well now, dear Soviet radio listeners, let us recall the cultural relations between China and the Soviet Union in the past year. You know that in June a plan for cultural cooperation between the PRC and the USSR for the year 1985 was signed in Beijing. It can be said that relations in this field have increased considerably between the two countries this year. Contacts between the cinematographers of the two countries which had been stopped for 20 years, were resumed this year. China participated in the 14th international film festival in Moscow. A Soviet delegation of cinematographers visited China. A group of Chinese ballerinas participated in the fifth international ballet contest in Moscow; the Moscow classical ballet toured China. Mutual visits to China and the Soviet Union have been made by delegations of writers and dancers. The dance ensemble of Gansu Province visited the Soviet Union, and the Belorussian state academic folk choir toured China. Since there is not sufficient time to enumerate all the visits we mention only these.

Let us turn to February and March of this year. At that time Chinese singer Hu Xiaoping toured the Soviet Union. Her farewell concert was held in the hall of the Leningrad state academic choir. When Hu Xiaoping finished performing Rakhmaninov's romance "Spring Waters" there was literally a storm of applause. Remembering this, Hu Xiaoping wrote: The master of ceremonies went out on stage several times but her voice was drowned in the loud chanting "encore, encore." Approaching the piano, she opened the first page of the score and Rakhmaninov's romance was heard again in the hall. I looked at the flowers which covered the entire piano, listened to the applause which continued for over 10 minutes, and felt my eyes filling with tears. I went out on stage more than 10 times, and yet the audience would not let me go. I wished so much to remain much longer among these sincere and cordial friends, but it was time to leave. I left them my heart, my gratitude, my voice. Yes, my voice. Yes, I shall forever remember the warm reception of my audiences; I shall always remember the moving pages of our friendship.

Also very successful were Soviet artists' tours of China. In October when Chinese audiences thanked with loud applause and standing ovations the dancers of the Moscow classical ballet for their excellent performances, happy smiles came to the faces of Soviet artists. The Soviet artists were especially happy that during their tour of China they had the opportunity to meet and discuss dance techniques with their Chinese colleagues. Some of the dancers of the Moscow classical ballet ensemble and their Chinese colleagues were trained by the same teacher and this made them even happier. Chinese artists asked Soviet artists to convey their sincere greetings to their teachers and expressed the hope that contacts between the two countries in this field will continue to expand.

Remembering Sino-Soviet relations in 1985 we must mention both countries' friendship organizations. They have done a great deal of useful work to strengthen the friendship between the people of China and the Soviet Union. In April China was visited by a delegation of the Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries and the USSR-China Friendship Society led by Kruglova, chairman of the Presidium of the Union of Soviet Friendship Societies.

That was in reciprocation for the 1984 visit made by Wang Bingnan, president of the Chinese People's Association for Friendship With Foreign Countries. During meeting with Kruglova, Li Peng, vice premier of PRC State Council, said: A traditional friendship exists between the people of China and the Soviet Union. The leaders of both countries have expressed a desire to improve relations between the two countries. The kind of change that will be reached in the normalization of relations between the two countries will depend on the common efforts of the two sides. Li Peng thinks that expansion of friendly contacts between the people of the two countries will contribute to the development of relations between our two countries.

Kruglova said: This is my first visit to China. It has made a deep impression on me. During our trip through China we witnessed the great progress made by China in the building of socialism. New buildings are going up everywhere, and the people's standard of living is constantly improving. During the visit we deeply felt the good feelings of the Chinese people for the Soviet people. In 1985, both countries' friendship organizations exchanged special tourist delegations. The Soviet Union sent groups representing the Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries and the USSR-China Friendship Society led by (Vannistskiy) and Babayev. The Soviet Union was visited by groups representing the Chinese People's Association for Friendship With Foreign Countries and the China-USSR Friendship Association led by Li Langqing and Bingnan.

RENMIN RIBAO correspondent Deng Yiwei who visited the Soviet Union in June this year as member of a tourist group told our correspondent about her impressions of the Soviet Union. Formerly she worked in Moscow, and this time she was very happy to have the opportunity to visit the Soviet Union again. What can be more precious than friendship between people? said Deng Yiwei with emotion. Once when we were in the waiting room at Leningrad Airport, a little girl with braids suddenly approached and quietly said hello in Chinese. She turned out to be a second grader at Leningrad School No 5. Her name was Anya. The school has Chinese lessons for grades 1 through 10. Anya told us that she likes the Chinese language and that she intends to become a translator in the future and that she will have the opportunity to go to China. We hope good little Anya's dream will come true.

Jubilee sessions devoted to Russian and Soviet culture are frequent activities of the Chinese People's Association for Friendship With Foreign Countries and the China-USSR Friendship Association. Jubilee events devoted to Chaykovskiy, Shostakovich, Sholokhov, Chekhov, and Lev Tolstoy, all of whom contributed to mutual understanding and cultural exchanges between the people of China and the Soviet Union, were organized in 1985.

Dear Soviet radio listeners, in 1985 extensive contacts were established between the sports circles of our two countries. We shall report on that in the special "For Sports Fans" program. In addition, in April the PRC Education Ministry and the USSR Ministry for Higher and Secondary Specialized Education signed in Beijing a protocol on cooperation for the 1985-86 educational year. In accordance with the exchanges in the field of science and technology between China and the Soviet Union, both sides exchanged many fact-finding delegations. After many years, various trade union delegations and a Soviet women's delegation came to visit China for the first time. Due to the lack of time we shall not dwell on that.

Dear Soviet comrades and friends, we are closing the review of items carried in the "Pages of Friendship" program in 1985. So goodbye until we meet again next year during the "Pages of Friendship" program.

DPRK REPORTS U.S. 'INTRUSION' IN AIRSPACE

OW201703 Beijing XINHUA in English 1657 GMT 20 Dec 85

["U.S. Plane Intrudes on Espionage Mission" -- XINHUA headline]

[Text] Pyongyang, December 20 (XINHUA) -- A U.S. high-speed, high-altitude reconnaissance plane, identified as an SR-71 'Blackbird' intruded into Korean airspace twice today. The aircraft was on an espionage mission, Korean Central Television said this evening.

This was the 15th such incident since the middle of November, bringing the total number of intrusions to more than 130 for the year.

Korean television said these actions were designed to increase tensions during the ongoing North-South dialogue and to provoke a new war against the northern half of Korea.

DPRK URGES FORMING OF NATIONAL REUNIFICATION FRONT

OW221026 Beijing XINHUA in English 0906 GMT 22 Dec 85

[Text] Pyongyang, December 22 (XINHUA) -- A senior Korean official said today that Pyongyang is willing to confer and cooperate with all parties and societies in South Korea on national reunification.

In an article carried in the newspaper NODONG SINMUN, director of the Secretariat of the Korean Central Committee of the Democratic Front for the Reunification of the Fatherland Yo Yon-ku said that both the North and the South should respect the three principles of independence, peaceful reunification and great national unity, which were expounded in the July 4 joint statement signed between the two sides in 1972.

Yo called for the building of mutual trust between the two sides instead of non-confidence and confrontation. She also urged the people of all walks of life in the North and South to form a national reunification front to force the United States to withdraw its troops and nuclear weapons from South Korea.

RENMIN RIBAO ON KOREAN PENINSULA SITUATION

HK210850 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Dec 85 p 6

["Special Yearender" by correspondents Liu Zhengxue and Feng Zhiyuan: "Situation on Korean Peninsula Tends to East; North-South Military Confrontation Not Yet Eliminated"]

[Text] The situation on the Korean peninsula has moved toward detente over the past year. Some progress has been made in improving the relations between North and South Korea by proceeding from a tense situation to a resumption of dialogue and contact. Both sides have continued to maintain the momentum of dialogue. These developments have been welcomed worldwide.

At the beginning of this year, North and South Korea decided to hold the second round of economic talks and the eighth round of Red Cross talks. Just as people were expecting a contact between the two sides, the United States and South Korea jointly held a massive military exercise "Team Spirit 85," whereby the talks were interrupted.

The situation was exceedingly grave at that moment. People doubted whether North and South Korea would hold any talks at all and whether the talks would make any progress this year. However, the situation soon became clear. Shortly after the conclusion of the military exercise, North Korea, at the request of the South, immediately agreed to resume the economic talks and Red Cross talks. Meanwhile, at the proposal of the North, both sides held a preparatory meeting for the National Assembly talks. It was the initiative shown by North Korea that laid the foundation for the smooth progress of the talks between North and South Korea this year. This manifested the sincerity of North Korea in relaxing the tension through talks.

The talks at various levels between North and South Korea at present include the political preparatory meeting of the National Assembly talks on a peaceful reunification of the fatherland the economic talks aiming at realizing economic cooperation and exchanges between the two sides, as well as the Red Cross talks to seek an early solution of the problem of reunifying 10 million dispersed families. In addition, the Olympic Committees of both sides held a meeting in Lausanne, Switzerland, under the presidency of the International Olympic Committee President Samaranch, to discuss the possibility of jointly holding the 1988 Olympic Games. These talks cover an extensive range of topics and have been held in a rather friendly atmosphere, the like of which has seldom been seen in the past few years. Both sides calmly exchanged views, seriously considered each other's motions and proposals, and reached agreement or arrived at identical views on certain aspects on the basis of mutual accommodation, and by seeking common ground on major issues while reserving differences on minor ones.

[Beijing RENMIN RIBAO in Chinese on 21 December carries an article by reporters Liu Zhengxue and Feng Zhiyuan entitled "The Korean Peninsula Situation in the Past Year" that adds...At present, the second round of the preparatory meeting for the National Assembly talks has been held and agreement has been reached concerning the convening of the National Assembly talks, the formation of delegations, and the venue of the talks. The fourth round of economic talks has been held and both sides have agreed in principle to set up a North-South joint committee for economic cooperation, composed of officials at the vice premier level who will act as chairmen of the committee, and have put forward their respective drafts for an agreement on establishing an economic cooperation committee on economic cooperation and exchange. Since the North side provided relief materials for victims of natural disasters on the South side in September of last year, the Red Cross Societies of both sides have held three formal talks and three work meetings. The two sides not only have reached agreement in principle on discussing the five topics as a package and on discussing and solving the problem of free visits of separated families and relatives, but have also conducted mutual visits of North and South Korean artistic troupes and hometown visiting groups from 20 to 23 September of this year. Although the number of visitors on each side during these mutual visits was limited to 151 and the places visited were confined to Seoul and Pyongyang, these mutual visits are the first substantive actions of reconciliation taken by the North and South sides after a long period of division and confrontation which began 40 years ago. They not only have brought the hope and confidence of reunion to 10 million separated families and relatives who are living in either the North or the South, but have also played a positive role in relaxing the tense situation on the Korean peninsula and in promoting the cause of Korea's peaceful reunification.]

Observers hold that the above-mentioned talks undeniably have produced positive results, fostered an atmosphere of national reconciliation and trust, and enhanced mutual understanding.

[The RENMIN RIBAO domestic version adds...This should be affirmed. In particular, new progress in the current dialogue between the North and South sides of Korea serves as preparation for the National Assembly talks.]

This indicates that contacts between the two sides have directly extended to the political sphere. Undoubtedly, this will have an influence on the relations between the North and the South sides. However, as a matter of fact, North and South Korea have been separated for 40 years. There are quite a number of differences between them in terms of system, institution, and thinking, in addition to other, factors, hindering the national reunification. Therefore, difficulties and obstacles inevitably exist in the relations between the two sides. The joint efforts of both sides are needed to overcome and remove these obstacles.

There are still major differences between the two sides in terms of the measures required to relax tensions on the Korean peninsula and realize the peaceful reunification of the fatherland. North Korea holds that both sides should hold the National Assembly talks at an early date to sign a joint declaration of nonaggression and to eliminate the arms race and military confrontation. In addition, it also hopes that the United States will participate, along with North and South Korea, in the "tripartite talks," that an agreement of peace will replace an agreement of war, [The RENMIN RIBAO domestic version says "armistice"] and that the ultimate, correct plan of building the Democratic Confederal Republic of Koryo by the two sides will be fulfilled. However, the South side evades these proposals made by the North side. During the North-South dialogue, it has only considered the economic exchanges and the free communications and contacts between dispersed family members, and expressed the wish that U.S. troops remain in South Korea. Such an attitude certainly will not contribute to true detente on the Korean peninsula and is harmful to the further contact between the two sides.

Although no major conflicts have occurred along the Military Demarcation Line and all has remained relatively quiet over the past few years, the military confrontation between the two sides still exists. A group of reporters accompanied a delegation to visit a sentry post of the Korean People's Army near the Military Demarcation Line at Panmunjom last month. A cement wall more than 10 meters high built by South Korea was spotted a few kilometers away. Reportedly this wall extends for 240 kilometers from the east coast to the west. For the purpose of creating a favorable environment and conditions for North-South dialogue, North Korea, in a proposal to the United States and South Korea, suggested withdrawing or reducing the armed forces in the area of the Military Armistice Commission Headquarters and stopping all military exercises, but has not received an active response from the United States and South Korea. Obviously, a sincere action by the United States and South Korea is a prerequisite to the healthy, deepgoing development of the North-South dialogue. Dialogue and detente accord with the will of the people and will continue, regardless of the fact that the peaceful reunification of North and South Korea still has very long way to go. For this reason, people still entertain hopes for the Korean peninsula of tomorrow.

XINHUA CHINESE ON KOREAN MOVES TOWARD DETENTE

OW201336 Beijing XINHUA Domestic Service in Chinese 1239 GMT 19 Dec 85

[Text] Pyongyang, 19 Dec (XINHUA) -- Yearender by XINHUA reporter Li Tu: "Tendency for Detente in Korean Peninsula Continues"

Following the progress made in 1984, 1985 has witnessed a further relaxation of tension in the Korean peninsula. The major feature of the development is that the North and South sides, tensely confronting each other, are holding dialogues and making contacts at various levels and have achieved some positive results. Such a new development in the situation in, the Korean peninsula is no doubt welcomed by the world public.

There have been two high points of the dialogues between the North and South sides of Korea which began in the 1970's. One was the Red Cross and the Coordination Committee talks between the two sides in the early 1970's. The other was the preparatory talks for a meeting of the two sides' premier and prime minister in the early 1980's. Dialogues resumed and were discontinued several times during the 10 years. Right after dialogue resumed last year after 3 years of suspension, an incident took place in Panmunjom on 13 November, in which American and South Korean security personnel killed security personnel from the North. Later, the United States and South Korea held a combined military exercise, the largest of its kind since 1976, which created a disharmonious atmosphere not conducive to North-South dialogue. People were worrying that the resumed dialogue would be discontinued again. However the mid 1980's are, after all, characterized by peace and development. To improve the relations between the North and South of Korea, which reflects the situation on the peninsula, efforts should be made to seek "a way in which the people of the same nationality can hold dialogue and promote detente and peace instead of confrontation and tension," just as was said in a letter from the Supreme People's Assembly of the North to the National Assembly of the South.

The contacts and dialogues between the North and South sides of Korea this year were held at various levels, through various channels, and in economic, sports, and cultural fields. They included meetings between government officials and the exchange of visits by ordinary people. Progress to various degrees has been made in both the contacts and dialogues. We may say that the North-South contacts at present are very frequent, if the "hotline" contacts between the two sides are also counted.

In May this year, a second round of North-South economic talks was held in Panmunjom, and in the 7 months since then, the two sides held four more sessions on economic issues. The Red Cross Societies of the two sides held three formal talks and two working meetings. The Red Cross Societies also sponsored an exchange of visits by artists and the home-town visiting groups. The first sports talks were conducted in Lausanne, Switzerland. In addition, new avenues for dialogue have been opened up, as two preparatory conferences were held to arrange parliamentary talks. During the economic talks, the two sides have agreed in principle to establish a joint economic cooperation committee at the vice-premier level, and identified some common areas and methods for economic cooperation and exchange. Each side has drafted its version of an agenda, and thus provided a basis for further item-by-item discussion and for reaching a final agreement.

The three formal talks held alternately in Seoul and Pyongyang this year between the Red Cross Societies of the North and South sides of Korea did not make any substantial headway on the reunion of 10 million war-torn people. However, the exchange of visits by artists and the war-torn people's home-town visiting groups was the first exchange of visits by personnel in the 40 years since the division of Korea.

A new development in the dialogues between Korea's North and South this year was the two preparatory conferences held between the parliamentary delegations of the two sides to arrange parliamentary talks. The conferences show that the dialogue is no longer limited to specific areas, but has moved into the political arena. The parliamentary talks were initiated in April by the Supreme People's Assembly of the North in its letter to the South Korean National Assembly. The governments and parliaments of many countries have expressed positive support for the proposal. After a fairly long deliberation, the South side accepted the proposal and participated in the preparatory conferences. During discussion, the two sides agreed to hold the parliamentary talks and reached an accord on the formation of delegations to the talks and on the format and place for the meeting.

Despite the development in the situation on the Korean peninsula, negative factors obstructing further development still exist. Whether the South side sincerely supports reunification or not remains a crucial question. Now, new rounds of economic, Red Cross, and sports talks have been scheduled for January and February. However, while arrangements for the parliamentary talks are partly at a standstill, the South has promised to schedule the third preparatory meeting for the talks after New Year's Day. Evidently the dialogue through various channels will continue. However, the combined military exercise held by the United States and South Korea every spring is a factor obstructing the dialogue's continuation. The North has demanded that the South suspend the military exercise or reduce its scope. Recently, 21 political parties and public organizations, including the Workers Party of Korea, issued a joint statement calling on the United States to withdraw immediately from South Korea the nuclear weapons and troops it has illegally deployed there, and to turn the Korean peninsula into a nuclear-free, peace zone. As stated above, some progress has been made in those talks, but differences over substantive key issues still exist. They include the nine points on a final economic agreement during the economic talks, the question of how to ensure freedom of travel during the Red Cross talks, the deadlock on a mutual non-aggression declaration and the discussion of a unified constitution during the parliamentary talks, and the problem of co-hosting the Olympic Games and forming a unified sports team. These differences are not likely to be ironed out in one or two rounds of talks. However, as long as the two sides continue dialogue on a sincere basis, the independent and peaceful reunification of Korea hopefully may result.

NEI MONGGOL ART TROUPE PREMIERES IN MONGOLIA

OW211016 Beijing XINHUA in English 0759 GMT 21 Dec 85

[Text] Ulaanbaatar, December 20 (XINHUA) -- An art ensemble from China's Inner Mongolia Autonomous Region, the biggest Chinese ensemble to visit Mongolia in more than twenty years, gave its premiere here this evening.

The two-hour premiere, featuring dances, songs and traditional instrument performances, drew prolonged applause from the spectators.

Among the spectators were Saral, director of the Office of the Council of Ministers, Choydogtseren, vice president of the Presidium of the Great People's Hural (the Mongolian parliament), and Magmarjab, chairman of the Mongolian-Chinese association.

Before the premiere, First Deputy Minister of Culture Baatartsogt received head of the Chinese ensemble Surtaratu, wishing the performance success and expressing his confidence that the ensemble's visit would make a contribution to the cultural exchanges between Mongolia and China and the friendship between the peoples of the two countries.

The 32-member ensemble arrived here yesterday. It is to give three more performances in Ulaanbaatar, the capital of Mongolia and then it will go to the northern city of Dar Han, for another two performances. The ensemble will leave for home on December 29.

FURTHER REPORTAGE ON JI PENGFEI HONG KONG VISIT

Assures Freedom of Speech

HK220208 Beijing XINHUA Hong Kong Service in Chinese 1135 GMT 20 Dec 85

[Report: "Ji Pengfei Assures Hong Kong That China Will Maintain Freedom of Speech After 1997" -- XINHUA headline]

[Text] Hong Kong, 20 Dec (XINHUA) -- At a meeting held tonight for the responsible people from Hong Kong media, Director Ji Pengfei said that China would certainly maintain the freedom of speech in Hong Kong after 1997.

Xu Jiatun, director of the Hong Kong branch of XINHUA NEWS AGENCY, held a dinner tonight for Director Ji Pengfei to meet responsible people from Hong Kong media. The meeting was attended by about 50 directors and editors in chief from over 30 organizations. The dinner was held on the 49th floor of the China Resources Building.

During the feast, Director Ji Pengfei held a cordial conversation with the responsible people of the media. He pointed out: The Chinese Government will maintain the freedom of speech in Hong Kong just as it will maintain the capitalist system. Whoever wants to express his views will be able to do so, and should entertain no anxiety about losing the freedom of speech in the future.

Following is the full text of the speech delivered by Director Ji Pengfei at the dinner:

Dear friends:

Over the past 10 days, I have met many old friends and made many new friends from various circles in Hong Kong. Today, I am pleased to have this opportunity to meet you, friends of the Hong Kong media.

You are the responsible people of various aspects of the media. I would like to take this opportunity to express thanks to the Hong Kong media for thoroughly reporting over the past few years the proceedings of the Sino-British negotiations and China's principles and policies concerning the Hong Kong question. I would also like to express thanks for the role you played following the signing of the Sino-British "joint declaration" in precisely and comprehensively implementing the "joint declaration" and promoting the stability and prosperity of Hong Kong.

Hong Kong is one of the world's famous free ports. In line with its status as a free port and its economic system, Hong Kong has a large number of news organizations, advanced technology, and a variety of types of press information. News is disseminated quickly and promptly and is rich and varied. No matter whether it concerns economics, politics, or the people's livelihood, the information is promptly reported and disseminated in Hong Kong. There are many factors contributing to the present stage of prosperity in Hong Kong. One of these is the unique role of the mass media. I believe that in order to maintain the stability and prosperity of Hong Kong and in order to maintain the development of the Hong Kong economy, the Hong Kong media should not be altered. When China resumes sovereignty over Hong Kong in 1997, the Chinese Government will certainly maintain the freedom of speech in Hong Kong just as it will maintain the capitalist system, both in accordance with the letters of the Sino-British "joint declaration" and the principle of "one country, two systems." We shall gladly see that whoever wishes to express his views will be able to do so. We hope they will entertain no anxiety about losing their freedom of speech in the future.

Over the years, the mass media in Hong Kong have greatly increased their reportage on the Chinese mainland, thereby helping Hong Kong compatriots to gain a deeper understanding of the Chinese mainland. According to my colleagues, a television station in Hong Kong sent a crew of cameramen to Shandong Province and reported in detail the production situation and the improvement of the people's standard of living in a village with passable achievements. Recently, the television station also systematically introduced the situation of the Baoshan Steel Mill in Shanghai, deeply impressing Hong Kong compatriots. At present, our motherland is still rather backward. But she is advancing and strives to realize the goal of modernization in the course of opening up and reforming. There are many gratifying changes on China's mainland. We hope that the Hong Kong media will continue to strengthen their reportage and to portray events realistically to the Hong Kong citizens. Of course, there are still various weak points in our work. We shall continue to sincerely welcome any constructive criticism from Hong Kong. We also hope that by means of communication and compensating each other's deficiencies, the Hong Kong mass media will further strengthen their association with counterparts on the mainland and with the Hong Kong branch of the XINHUA NEWS AGENCY to strive for the goal of reunification of the motherland, invigorating China, and making Hong Kong prosperous.

I now propose a toast to the prosperity of the motherland, to the stability and prosperity of Hong Kong, to the development of mass communication in Hong Kong, and to the good health of everyone present.

Grants Press Conference

OW210833 Beijing XINHUA in English 0814 GMT 21 Dec 85

["Basic Law Will Protect Hong Kong Political System'" -- XINHUA headline]

[Text] Hong Kong, December 21 (XINHUA) -- Chinese State Councillor Ji Pengfei said today that the political system of the projected Hong Kong Special Administrative Region (SAR) would be stipulated by its basic law. Ji, who is also director of the State Council's Hong Kong and Macao Affairs Office and chairman of the Basic Law Drafting Committee, told a press conference here: "On this question, we have not formed a concrete concept or blueprint, nor have we any fixed preconception."

He said Hong Kong would retain its freedom of speech, publication and press after 1997. As long as publishers and the media abided by and did not violate the local laws of the Hong Kong SAR, they would be able to carry out their work freely. A high degree of autonomy for the Hong Kong SAR would be guaranteed, mainly by two factors.

First, the principle of "one country, two systems" was China's basic policy for reunifying the country, and second, the basic law would stipulate, in the form of a law, the Chinese Government's principles and policies on Hong Kong as contained in the Sino-British joint declaration.

Ji expressed confidence that the Chinese and British Governments would be able to continue to work in a spirit of friendship and co-operation to solve any problems arising during the 12-year transition period before 1997.

Current questions needing to be dealt with included the continuation of Hong Kong's participation in the General Agreement on Tariffs and Trade, travel documents of Chinese residents in Hong Kong and the dovetailing of Hong Kong's political reforms with the basic law. He described these matters as being vital to the implementation of the Sino-British joint declaration and the preservation of Hong Kong's stability and prosperity.

Generally speaking, he said, the implementation of the joint declaration had proceeded well since its signing a year ago. He pointed to the social stability in Hong Kong over the past year, the economic growth and the increased public confidence in the future.

Ji had met Governor Sir Edward Youde in a friendly atmosphere, which, he thought, was beneficial to the deepening of mutual understanding and co-operation. He also mentioned his useful meetings with the Hong Kong members of the Basic Law Drafting Committee, Consultative Committee and people representing various sections of society.

Departs for Shenzhen 22 Dec

OW220732 Beijing XINHUA in English 0700 GMT 22 Dec 85

[Text] Hong Kong, December 22 (XINHUA) -- State Councillor Ji Pengfei left here for Shenzhen this morning after a 12-day visit in Hong Kong. He was seen off by Governor of Hong Kong Edward Youde and local prominent figures. Ji Pengfei is also the director of the Hong Kong and Macao Affairs Office under the State Council and chairman of the Committee for Drafting the Basic Law of the Hong Kong Special Administrative Region. Ji Pengfei is expected to stay in Shenzhen for two days before returning to Beijing.

XINHUA, MALAYSIAN NEWS AGENCY BEGIN EXCHANGE

OW191641 Beijing XINHUA in English 1631 GMT 19 Dec 85

[Text] Hong Kong, December 19 (XINHUA) -- A direct news exchange between the Chinese news agency, XINHUA, and the Malaysian national news agency, BERNAMA, is now formally under way. News between the two countries will be transmitted by a satellite linking Hong Kong with Kuala Lumpur. The satellite system went into operation December 16 and after a series of tests began transmission. In an exchange of greetings over the new circuit, Mu Qing, director general of XINHUA, and Mustapha Hassan, general manager of BERNAMA, hoped for continuing cooperation between the two agencies. The XINHUA NEWS AGENCY maintains about 90 foreign bureaus and has direct news exchange with more than 70 news agencies throughout the world.

BEIJING MALAY CITIES CPC OFFICIAL ON PARTY LINKS

BK211055 Beijing in Malay to Malaysia 0930 GMT 21 Dec 85

[Text] Qian Liren, director of the International Liaison Department of the CPC Central Committee, said recently that relations between the CPC and other communist parties are moral in nature. The CPC does not interfere in the internal affairs of other communist parties, nor does it use interparty relations to interfere in the internal affairs of other countries, harm normal interstate relations, and counter any third countries. Qian Liren said this in an interview with a correspondent of China's LIAOWANG magazine, which published it in the latest edition. Qian Liren said the CPC has relations in various forms with more than 190 political parties and organizations in the world. In 1985, more than 30 chairmen, secretary generals, or Central Committee members of fraternal parties visited the PRC at the invitation of the CPC, which in turn sent its delegations for overseas trips. Such exchanges of visits have promoted understanding, friendship, and cooperation among the parties. Qian Liren said that our main goals are to defend world peace and promote the progress of humanity. This is also an important part of our efforts to create an international atmosphere conducive to the PRC's socialist modernization.

FURTHER ON NAVAL SQUADRON'S SOUTH ASIAN TOUR

Arrives in Sri Lanka 18 Dec

HK190159 Beijing ZHONGGUO XINWEN SHE in Chinese 1341 GMT 18 Dec 85

[Text] Beijing, 18 Dec (ZHONGGUO XINWEN SHE) -- A Chinese naval friendship fleet, comprising a destroyer and an oceangoing supply ship, arrived today in Colombo and began its 5-day goodwill visit to Sri Lanka. The friendship visiting fleet is under the command of Nie Kuiju, commander of the Donghai Fleet of the Chinese Navy. Colombo is the second leg of the Chinese naval friendship fleet's visit to three South Asian countries. The Chinese naval fleet ended its goodwill visit to Pakistan and left the port of Karachi on the morning of 13 December. During its visit to Sri Lanka, the Chinese naval delegation will have extensive friendly contacts with officers and men of the Sri Lanka Navy and will visit Sri Lanka's naval schools and bases and Colombo's scenic spots and historical sites.

Departs Sri Lanka for Bangladesh

OW210754 Beijing XINHUA in English 0734 GMT 21 Dec 85

[Text] Colombo, December 21 (XINHUA) -- Two Chinese naval vessels left the port of Colombo for Bangladesh this morning, winding up the second leg of their goodwill visit to three South Asian countries. This is the first time for the Chinese Navy vessels to visit foreign countries since the founding of the People's Republic of China in 1949. They visited Pakistan from December 8 to 13.

The China-made vessels, a destroyer and a supply ship, are under the command of Nie Kuiju, commander of the East China Sea Fleet of the Chinese People's Liberation Army.

While in Sri Lanka, the Chinese naval officers and sailors toured the well-known hill country city of Kandy, played with the host sports teams.

INDIA, PAKISTAN NOT TO ATTACK NUCLEAR POSTS

OW172027 Beijing XINHUA in English 2020 GMT 17 Dec 85

[Text] New Delhi, December 17 (XINHUA) -- India and Pakistan today announced that they would not attack each other's nuclear installations. The announcement was made by visiting Pakistani President Ziaul Haq and Indian Prime Minister Rajiv Gandhi at a joint press conference. The nuclear issue was discussed during a 45-minute meeting between the two leaders. It was expected that the announcement would dispel mutual apprehension about each other's nuclear program. Gandhi and Zia also decided to promote economic cooperation through a package of measures. Details of the package are to be worked out at a meeting between finance ministers of the two countries at Islamabad in January next year.

THE PRESS TRUST OF INDIA reported tonight that Indian Prime Minister Rajiv Gandhi would pay an official visit to Pakistan in the first half of next year. The news was issued by Zia after talks with Gandhi here this afternoon, the report said.

The Pakistan president arrived earlier today for a six-hour official visit on his way home from Sri Lanka and Maldives.

LI PENG CONCLUDES 5-DAY VISIT TO BULGARIA

Trade Agreement Signed 21 Dec

OW220728 Beijing XINHUA in English 0645 GMT 22 Dec 85

[Text] Sofia, December 21 (XINHUA) -- Visiting Chinese Vice Premier Li Peng and his Bulgarian counterpart Andrey Lukanov signed a trade agreement today which allows for a considerable increase in bilateral trade over the next five years. Under the agreement, whose details are not immediately available, Bulgarian exports to China will include machines, chemical products, cargo ships and steel, while China will sell textiles, livestock products, raw materials and other items to Bulgaria. Officials attending the signing ceremony said bilateral trade will expand considerably in the next five years, but did not give any figures.

Bulgarian Deputy Premier Lukanov later held a reception to honor his Chinese counterpart, who arrived in Sofia on December 19 for a five-day visit. The two countries also signed a 1986 trade and payment protocol. Chinese Vice Premier Li visited an integrated circuit factory and met with Bulgarian artists in Ruse Province this morning. Since his arrival, Li was toured two provinces, including Plovdiv. Bulgaria is the last leg of Li's European tour which has already taken him to Paris and Prague.

Departs Sofia 22 Dec

OW221236 Beijing XINHUA in English 1215 GMT 22 Dec 85

[Text] Sofia, December 22 (XINHUA) -- Chinese Vice-Premier Li Peng left here today after his five-day official visit to Bulgaria.

Before his departure, Li told XINHUA that in his talks with Bulgarian leader Todor Zhivkov and other high-ranking officials, they briefed each other on the social and economic situations in their respective countries, discussed the problems relating to bilateral economic, trade and scientific and technical cooperation and exchanged views on international issues. By so doing they promoted mutual understanding between the two nations, he said. The Chinese vice premier noted that the Sino-Bulgarian relations have developed in recent years. The just-concluded long-term trade agreement between the two governments is conducive to the steady and constant growth of bilateral economic relations on the basis of equality and mutual benefit. Li added that during his visit witnessed the great successes achieved by the Bulgarian people in their economic construction. He quoted former Bulgarian leader Georgi Dimitrov as saying that every nation, big or small, can contribute to the civilization of mankind.

Li was seen off at the airport by Bulgarian Deputy Premier Andrey Lukanov.

YUGOSLAV ARMED FORCES DAY MARKED IN BEIJING

OW211028 Beijing XINHUA in English 0824 GMT 21 Dec 85

[Text] Beijing, December 21 (XINHUA) -- The Yugoslav Armed Forces Attache Colonel Radosav Djordjevic and his wife hosted a reception today at the Yugoslav Embassy to mark the Yugoslav Armed Forces Day. Yugoslav Ambassador to China Zvone Dragan and Han Huaizhi, deputy chief of General Staff of the Chinese People's Liberation Army attended.

FOREIGN MINISTRY CONDEMNS S. AFRICAN INVASIONS

OW230838 Beijing XINHUA in English 0832 GMT 23 Dec 85

[Text] Beijing, December 23 (XINHUA) -- China today expressed its strong indignation at and condemnation of the South African authorities' latest invasions and incursions into neighboring countries. This was stated by a Chinese Foreign Ministry spokesman here this afternoon.

He demanded that the South African authorities immediately release Winnie Mandela, wife of the South African black leader Mandela, and stop their invasions of Angola and Lesotho.

The Foreign Ministry spokesman said: "On December 15, South African troops, with armored cars and helicopters, once again invaded south Angola. On December 20, the South African authorities sent commandos to raid civilian residences in Maseru, capital of Lesotho, killing nine people. On December 22, South African police forces unwarrantedly arrested Winnie Mandela. These incidents show that the South African racist regime, acting wilfully, continue to be hostile towards the masses of the black people in South Africa and the people in southern Africa, with no intention to repent at all," the spokesman said.

He reiterated that the Chinese Government and people will, as always, firmly support the just struggle of the people of South Africa, Namibia and other parts of southern Africa.

FURTHER REPORTAGE ON WU XUEQIAN VISIT TO EGYPT

Meets Mubarak, Defense Minister

OW211631 Beijing XINHUA in English 1613 GMT 21 Dec 85

[Text] Cairo, December 21 (XINHUA) -- Egyptian President Husni Mubarak said here today that he would visit China at a proper time next year and welcome President Li Xiannian of China to visit Egypt some time next year. President Mubarak said this when he met with visiting Chinese State Councillor and Foreign Minister Wu Xueqian at Ouruba Palace here at noon today.

The Egyptian president and the Chinese foreign minister exchanged views on the latest developments in the Middle East and both sides held extensively identical or similar views on the issue of seeking a just and comprehensive solution to the Middle East problem.

The Chinese foreign minister appreciated the positive role played by Egypt in pushing the Middle East peace process. Minister Wu told reporters after the meeting that his talks with President Mubarak had reflected a special and close relationship between China and Egypt. Both countries always support, trust and respect each other, he added.

Minister Wu later went to the Egyptian Defense Ministry where he met and had a friendly talk with Field Marshal Muhammad 'Abd al-Halim Abu Ghazala, Egyptian deputy premier and minister of defense and military production.

Following the talks, Marshal Ghazala told reporters that both sides reviewed with satisfaction the cooperation of the two countries in all fields including the military field.

Urges Mideast Peace Talks

OW211956 Beijing XINHUA in English 1944 GMT 21 Dec 85

["Chinese Foreign Minister: Peace Talks -- Best Way To Solve Mideast Issue" -- XINHUA headline]

[Text] Cairo, December 21 (XINHUA) -- Visiting Chinese Foreign Minister Wu Xueqian said today that while China supports the Arab people in their various forms of struggle, the best way to solve the Mideast issue is finding a political settlement through peace talks.

Answering questions of Egyptian and foreign reporters here this afternoon, the Chinese foreign minister said that China supports the proposal of Arab countries for convening an international conference on the Mideast issue under the auspices of the United Nations. The key to the success in convening such an international conference lies in the unanimity within the ranks of Arab countries through consultations -- their speaking out in one voice, he stressed. The Palestine Liberation Organization, as the sole legitimate representative of the people of Palestine, should take part in the conference on an equal footing, he added. When the convocation of such a conference is placed on the U.N. agenda, China as a permanent member of the U.N. Security Council, will cooperate closely with the Arab countries, he pointed out. As regards the issue of whether all permanent members of the U.N. Security Council should take part in the conference, it can be solved by consultations with the U.N. secretary general, he added.

Wu reiterated that China is opposed to Israeli policy of aggression and expansion and supports the struggle of Arab people, including the Palestinian people, in their struggle for recovering the Arab land which Israel has occupied since 1967 and for safeguarding the legitimate national rights of the Arab people.

Rejects Dealings With Israel

OW220228 Beijing XINHUA in English 0217 GMT 22 Dec 85

[Text] Cairo, December 21 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian declared today that China will not have any relations with the Israeli authorities so long as Israel continues its policy of aggression and expansion, but a distinction should be made between the Israeli authorities and the Israeli people.

Answering questions of Egyptian reporters here this afternoon, the Chinese foreign minister said that Israeli experts and scholars are allowed to come to China as individuals to attend conferences held in China under the auspices of some international organizations and academic societies in accordance with their regulations and international practices, as China is now pursuing a policy of opening to the outside world. Similarly, at the international academic conferences held in other countries, Chinese participants will have contacts with those of Israel, he added. This is purely personal contacts, and on any occasions when the Mideast issue is involved, the voice of China always stands by the Arab people, he added.

While pursuing a policy of opening to the outside world, China will inevitably have dealings with American or European Jews in developing economic and trade relations with European countries and the U.S., he said. Such dealings involve only people-to-people contacts in the industrial and agricultural fields, and this is completely different from "cooperation" or "establishing relations" with Israel, he pointed out.

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The Chinese foreign minister categorically denied as "groundless" and "fabrication" the allegation that China cooperated with Israel in producing weapons.

Furthing Cooperation With Egypt

OW220234 Beijing XINHUA in English 0222 GMT 22 Dec 85

[Text] Cairo, December 21 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian today hoped for the further expansion of the Sino-Egyptian economic and trade cooperation.

Answering questions of Egyptian and Foreign reporters here this afternoon, the foreign minister said that the present level of the economic and trade cooperation between the two countries is not commensurate with their close political relations. The Chinese foreign minister said that China has invited Egyptian President Husni Mubarak to make another visit to China and President Mubarak has invited Chinese President Li Xiannian to visit Egypt. The time for the two visits will be fixed later through diplomatic channels, he added.

In his separate talks with Egyptian Premier 'Ali Lutfi and Minister of Economy and Foreign Trade Sultan Abu Ali, the Chinese foreign minister said, both sides stressed the need to make greater efforts to expand the economic and trade cooperation for mutual benefit. China will send a study group to Egypt next year for this purpose, he said.

Departs for UAE 22 December

OW220138 Beijing XINHUA in English 0118 GMT 22 Dec 85

[Text] Cairo, December 22 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian left here at small hours this morning for the United Arab Emirates (UAE) after a four-day official visit to Egypt.

During his stay here, the Chinese foreign minister met Egyptian President Husni Mubarak and Prime Minister 'Ali Lutfi and held talks with Deputy Prime Minister and Foreign Minister 'Abd al-Majid on the latest developments in the Middle East and bilateral relations between the two countries. Before his departure, Foreign Minister Wu told reporters that his visit to Egypt was successful.

Among those present at the airport to see the Chinese foreign minister off were Egyptian Assistant Foreign Minister Muhammad Wafa' Higaz, Chinese Ambassador to Egypt Wen Yezhan and others.

A reciprocal banquet was given by Wu Xueqian Saturday evening. Egyptian Deputy Prime Minister and Foreign Minister Abd al-Majid was present on the occasion.

RENMIN RIBAO COMMENTATOR ENCOURAGES PRESS CRITICISM

HK220528 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Dec 85 p 2

[Commentator's article: "Press Criticism Is a Kind of Stimulus"]

[Text] The year before last, the Central People's Broadcasting Station took the lead, and many newspapers followed suit, in criticizing the poor handling of cargo at the Heilongjiang Shuangchengbao Railway Station, which caused damage to washing machines. The event drew the attention of central leading comrades, who later instructed the departments concerned to take effective measures to solve the problem. Since then, the comrades at the Shuangchengbao Railway Station have conscientiously drawn a lesson from this event and adopted a good work style of respecting clients and taking good care of cargo. In June of this year, several newspapers criticized the Beijing Eastern Suburbs Railway Station for shoddy work resulting in damage to a great number of refrigerators. The leading comrades of the Ministry of Railways and the Beijing municipal authorities who had heard this report attached great importance to it and later inspected the Eastern Suburbs Railway Station many times. Taking this opportunity, the Ministry of Railways even called on all those working on the railway transportation front to draw a lesson from this and improve their work style.

Launching criticism and self-criticism in the press can play a very positive role in improving work and straightening out party style and the social atmosphere. More and more comrades have realized this role of the press. Yuan Geng, director of the management committee of the Shekou Industrial Zone in Shenzhen, supported an article in SHEKOU TONGXUN [SHEKOU NEWSLETTER] criticizing him by name, thereby bringing a fresh air of democracy to the Shekou Industrial Zone. Gao Qingying, mayor of Hengshui City in Hebei, wrote to HENGSHUI RIBAO proposing the opening of a "Special Criticism Column" on work in the city. The day the paper published this proposal, some people criticized the city government for not attaching importance to control of the agricultural trading markets. The city government immediately took action, and the results were evident in 3 days. Xing Deyong, secretary of the Luliang Prefectural CPC Committee in Shanxi, took the initiative in calling on a comrade who was a correspondent of NEI CAN [INTERNAL REFERENCE MATERIALS]. This comrade criticized the "10-point regulations" adopted by the prefectural CPC Committee concerning improvement in the remuneration for intellectuals, remarking that the regulations were a practice of "eating from the same big pot" in disguised form. The prefectural CPC Committee secretary sincerely accepted the criticism, thereby appropriately amending the "10-point regulations."

At present there is a turn for the better in party style and the social mood, but there are still many problems and there are still some rotten aspects to the party and in society. While fully writing up good people and good deeds, so as to encourage the advanced and exchange experiences, the press must also persistently carry out criticism. Some people who indulge in malpractices and do bad things are afraid of nothing except being reported in the press. Some people even say: "I would rather do 2 years in jail than be reported in the press." Fear of being reported in the press is, in the final analysis, fear of public opinion, of the masses, and of party discipline and state law. This is because if one is reported in the press, everyone knows about it and nobody can keep it under wraps. It is difficult for certain people who want to cover up. The role and power of press criticism cannot be completely replaced by other forms of criticism.

The central authorities have affirmed press criticism and the great majority of people welcome it, but a few people hold that it means blackening and punishing people and exposing scars. They deeply resent press criticism and feel annoyed the moment they see it. If the criticism is entirely factual, they will look for flaws where there are none; and if there is some error of fact in the criticism, even just a discrepancy on a minor issue, they will seize it and not let go. It has also happened that they make things hard for their critics by abuse of power. This is an erroneous attitude. Press criticism does not mean blackening people but cleaning up blackness; it is not aimed at punishing people but at helping them. The exposure of scars is aimed at clearing away poisonous things and recovering health. Some leading people often defend their subordinates who have committed mistakes and try to absolve them from guilt or blame instead of urging them to take a correct attitude toward criticism. Such a practice cannot be regarded as real concern for one's subordinates.

Launching criticism in the press is a very serious matter. In order to score good results, our journalists must be adept at using press criticism as a weapon. The efficiency of criticism lies in the sincerity of reports. Therefore, reports must be absolutely based on accurate data. Before carrying a report to criticize something in a newspaper, it is necessary to make thorough investigations to verify its truth, including interviewing those who are to be criticized. The purpose of criticism is to cure the patient rather than destroy him. Therefore, our journalists must show full sincerity in writing and be eager to help the criticized to correct mistakes. While launching criticism in the press, it is also necessary to report on how the leading organizations concerned are handling the exposed issues as well as what actions the criticized are taking to correct their mistakes. In brief, it is necessary to pay attention to the effects of criticism so as to ensure that press criticism plays a more positive role. In the past few years, our newspaper has made some efforts to launch criticism and self-criticism. Of course there have been some faults and there are still some deficiencies in our work. We are willing to add to our achievements, correct our mistakes, get rid of our shortcomings, act with other papers to make a success of press criticism, and make further efforts to spur a turn for the better in party style and the social mood.

XINJIANG STUDENTS HOLD BEIJING NUCLEAR PROTEST

HK231028 Hong Kong AFP in English 1016 GMT 23 Dec 85

[By Lawrence MacDonald]

[Text] Beijing, Dec 23 (AFP) -- Four hundred students from China's Xinjiang Region have staged a protest here, petitioning Chinese officials to end nuclear tests in their remote western homeland, student sources said today.

The protesters, members of ethnic minorities studying at four Beijing universities, marched around Tiananmen Square in the heart of the capital yesterday carrying banners proclaiming their demands.

They then gathered in front of Zhongnanhai, headquarters of the Chinese Communist Party, where an official received their petition, protest participants said.

Students said they had called for an end to nuclear testing in Xinjiang and presented seven other demands:

-- Democratic election of minority people to replace Han Chinese officials assigned by Beijing.

- An end to coercive family planning among minority people in the region.
- Increased support for ethnic education in the region and more opportunities to study abroad. (Students said only 20 Xinjiang people were sent to study abroad this year, compared to an estimated 20,000 Chinese from the rest of the country.)
- Economic self-determination.
- Political self-rule ("We're not asking for independence," said one student, "that's impossible.")
- A proclamation of their support for the student movement in Xinjiang itself.
- An end to the practice of sending convicted Chinese criminals to Xinjiang.

The students said they had been stirred to action by recent protests in Urumqi, capital of the Xinjiang Autonomous Region, where they said between 4,000 and 10,000 students protested the tests and other issues two weeks ago.

An official of the Student Association at Xinjiang University reached in Urumqi by telephone confirmed that there had been a protest but said it had lasted only one day and involved only 2,000 students.

China has carried out 30 nuclear tests in the remote desert region since it exploded its first atom bomb there in 1964. The last atmospheric test was carried out in October 1980 and tests have since been underground.

Three times the size of France, Xinjiang is home to only 13.3 million people, including 46 mostly Moslem minority groups whose language, temperament and way of life differ greatly from that of China's Han majority.

Turkish-speaking Uygurs, who now account for 6.1 million of the population, were formerly the majority. Hans now account for 5.4 million, followed by smaller ethnic groups, including Kazak, Hui and Mongolians.

Participants in the Beijing protest said they presented their petition to the head of the United Front Department, the Communist Party office responsible for managing relations with non-party groups.

The officials reportedly told them politely that their grievances would be attended to as quickly as possible. The United Front Department refused to accept reporters' inquiries about the protests.

In Urumqi, the student association official, Ma Jianhua, said Song Hanliang, party general secretary [as received] of Xinjiang, had told demonstrators there that their methods were wrong and that there would be no answer to their demands.

Since that protest on December 12 and 13, students in Beijing had not received mail from their friends in Urumqi, the student sources here said.

The Beijing students said that police and university authorities had not so far taken action against the protesters, who did not heed an appeal yesterday by their college principals to return to their campuses -- the National Minorities Institute, Beijing University, Beijing Normal University and Beijing Pedagogical Institute.

The hour-long protest follows a series of student demonstrations against poor student living conditions, rising prices and corruption but is the first to criticise government policies towards minorities or China's nuclear program.

Smouldering ethnic tensions in Xinjiang have occasionally broken into open violence, most notably in 1981, when the killing of a Uygur by a Han youth sparked disturbances in the city of Kashkar.

RENMIN RIBAO DISCUSSES OPENING UP POLICY

Part I

HK201524 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 15 Dec 85 p 2

[Part 1 of an article by the Policy Studies Office of the Ministry of Foreign Economic Relations and Trade: "Opening Up to the World Is a Basic Policy of Our Country"]

[Text] Opening up to the world is a basic national policy that our country has been pursuing since the 3d Plenary Session of the 11th CPC Central Committee. It is implemented in China's political, economic, and cultural relations and exchanges with other countries in the world. Opening up our economy to the outside world is aimed at narrowing the economic gap between our country and the developed countries and accelerating the process of our four modernizations program through expansion of economic and technological cooperation and exchange between different countries. It is an important component of this policy decision. Over the last 6 years, our government has adopted a series of major measures to implement this basic policy decision, such as allowing Guangdong and Fujian to carry out special policies, setting up special economic zones, opening up a group of coastal port cities and regions to the outside world, thus doubling and redoubling the volume of China's imports and exports and increasingly expanding the use of foreign capital and imported technology. China's economic and technological cooperation with other countries, such as contracting to build projects abroad, has also rapidly developed. Opening up to the outside world and conducting reforms at home, which serve as a pair of wings for China to take off economically, are more and more displaying their strength.

Opening Up to the World Is the Inevitable Outcome of the Development of the Productive Forces in Human Society.

In their "Manifesto of the Communist Party," Marx and Engels pointed out: With the development of mass production using machines, "in place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations." This is chiefly because a country has limited resources and its demands for resources are increasing and becoming more and more complicated as socialized mass production develops, and, such being the case, it is impossible for a country to have all the resources needed to carry out economic modernization; also because science and technology and advanced managerial expertise are the common wealth of mankind and no country will have all the advanced technology it needs; and again because, through international market exchanges, a country can bring into full play its strong points and steer away from its weaknesses and exchange its superior products for products whose production will be unprofitable if carried out in the country. In this way it can economize on social labor, cut material consumption, and attain better economic results. Therefore, in the practice of leading the first socialist country in the world, Lenin emphatically pointed out that the realization of socialism "depends on how well we integrate our Soviet regime and Soviet management and organization with the latest progressive things under capitalism."

He attached great importance to the use of foreign capital and the import and study of advanced technology and never grudged offering preferential conditions for achieving these objectives. The policy of opening up to the world formulated since the 3d Plenary Session of the 11th CPC Central Committee is precisely the application and development of the Marxist-Leninist theory on the development of foreign economic relations.

Opening Up to the World Is the Universal Experience of Various Countries in Accelerating the Process of Economic Modernization

In revitalizing and developing their economies, at the present time developed countries and some developing industrialized countries all attach particular importance to developing foreign economic relations from which they have gained marked results. The introduction of a policy of opening up to the world by the United States with a history of just 200 years created conditions in boosting foreign capital and technology transfers to the country during the two world wars. Particularly, during World War II, the United States extensively recruited the technical personnel of defeated nations and, at the same time, adopted a policy of encouraging exports and imports. All these played an important role in developing its economy. In 1932 alone, the Soviet Union enlisted the services of 20,000 specialists and technicians from abroad on a job-invitation scheme. As Western comments put it at that time, the Soviet Union obtained in 3 years the technology foreigners took 30 years to develop. The Japanese have always attributed their economic achievements to opening up to the world. The economic development of such countries as Singapore depends on their efforts to conduct economic and technological exchanges with other countries to a great extent. By using the low-interest loans granted by the World Bank and the governments of various countries, India, a big, poor, and backward country, has managed to solve the problem of funds needed in carrying out its economic development plan and imported its needed technology and equipment, thus enabling its industry to produce 85 percent of the equipment necessary for its large-sized complete-set projects and to export complete-set equipment. With these efforts, in agricultural production, India has managed to overcome grain shortages and to export some of its grain, and it has also managed to conduct nuclear tests and launch man-made earth satellites. The facts have proved that the economies of those countries, be they developed or developing ones, will develop rapidly, if they are good at using international conditions to serve the development of their economies. In the situation in which the current new worldwide technological revolution is upsurging vigorously and the economic relations between countries are getting closer and more extensive day by day, national seclusion can lead modernization nowhere.

Opening Up to the World Is the Objective Demand of China's Modernization Program

As early as the eve of the founding of the PRC, Comrade Mao Zedong said, we should do business, on the basis of equality and mutual benefit, with all countries in the world, including the Soviet Union and the East European socialist countries, as well as capitalist countries. In the early days of the founding of the PRC, with Soviet economic assistance, China managed to set up a group of key enterprises that played an important role in its socialist construction. When the Western countries, headed by the United States, imposed an economic blockade on our country, and the Soviet Union breached their contracts with us, China had to rely on its own efforts in carrying out economic construction. Later on, the increasingly serious "leftist" mistakes in our guiding ideology and one-sidedness in our understanding of self-reliance, coupled with the obstructions and damage done during the "Great Cultural Revolution" led us to fail to implement the former correct policies in our economic exchanges with other countries. Furthermore, intimidated by the slander of "worshiping and having blind faith in things foreign," more often than not, we closed ourselves to international intercourse.

After the founding of the PRC, we managed to narrow our gap with developed countries in the economy and technology but, subsequently, it widened once again. Some countries that were previously economically and technologically inferior to our country have surpassed us. This is an important lesson.

Over the 30-odd years since the founding of the PRC, great achievements have been scored in China's socialist construction but we are still confronted with many problems, such as backward science and technology, fund shortages, low-level production, a lack of experience in operations and management, and a dearth of professionals and technical personnel. Tackling these problems by relying exclusively on our own efforts will not only require a long period of groping but also large quantities of human and financial resources. After the 3d Plenary Session of the 11th CPC Central Committee, in accordance with the basic tenets of Marxism, the party, having analyzed the international and domestic situation and summed up the historical experience in our relations with other countries, finally defined the correct policy of opening up to the world.

Part II

HK201544 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 17 Dec 85 p 2

[Second and last part of an article by the Policy Studies Office of the Ministry of Foreign Economic Relations and Trade: "Opening Up to the World Is a Basic Policy of Our Country"]

[Text] In implementing the policy of opening up to the world, it is necessary to have a correct understanding of the following problems.

Opening Up to the World Is Entirely Different From the "Open Door" Policy

The "Open Door" policy indicated that China was reduced by the big powers to the status of a colony. After the Opium Wars, launched by Britain in 1840, the imperialists forced the moribund Qing government to sign a series of unequal treaties. After the Sino-Japanese War of 1894-1895, the big powers took further steps in carving out spheres of influence in China, thus grabbing numerous privileges. At that time, being busy fighting Spain for possession of the Philippines, the United States failed to snatch any sphere of influence in China. In order to share the privileges the big powers obtained in China, in 1899 the United States presented a note to such countries as Britain, Russia, Germany, and France on "opening China's door." The main points of the note were "no country shall interfere with the vested interests of a third country in China, such as spheres of influence, concessions, or trading ports. No country shall impose restrictions on trading and navigation activities carried out by a third country in any place under its sphere of influence." This was an evil policy that was aimed at impairing China's territorial sovereignty and turning China into a colony jointly ruled by the big powers under the slogan of "equal sharing of interests."

China's current opening up to the world is totally different in historical conditions, objectives, and consequences. Our powerful people's regime ensures the integrity of our territorial sovereignty and the economy under the system of public ownership that occupies the leading position in the entire national economy and ensures the socialist orientation of our economic development. We are pursuing the principles of independence, self-reliance, equality, and mutual benefit, and of helping supply each other's needs with a view to accelerating the realization of China's modernization program. Foreign investors should abide by China's modernization program. Foreign investors should abide by China's Constitution and laws and accept our government's administration and supervision over investment orientations and profit-sharing, which should be conducted within the limits permitted by our laws.

On our part, we intend to use the technology, managerial expertise, products, and income from taxes and profits that we gain from the enterprises operated by foreign investors in China to promote our socialist economic construction.

The Special Economic Zones (SEZ's) Are Not Likely To Become "Concessions"

Concessions were a disgrace for old China. The imperialist powers coerced the Qing government into designating special areas in trading ports where all sovereign rights of the Chinese Government were excluded, thus becoming "states within the state" and bases for the big powers to carry out all kinds of criminal activities of aggression against China.

The SEZ's run by China as an experiment are part of the territory of the PRC. The legal, judicial, and administrative rights of the SEZ's are in the hands of our government. The SEZ's absorb foreign capital by offering preferential terms to foreign investors and allow foreign businessmen to set up and operate their own enterprises on the condition that the economic activities of their enterprises are carried out within the limits permitted by Chinese laws. The specially favorable conditions of the SEZ's make it possible for them to have access to key technologies and operational and management skills that cannot be easily obtained through ordinary channels, to promote their productive enterprises to boost exports, and to increase foreign exchange earnings by collecting taxes and rents from joint ventures using Chinese and foreign investment and enterprises wholly-owned by foreign investors and by providing them with labor and commercial services, raw and semifinished materials, and daily necessities. Therefore, running "special economic zones" has become a current practice throughout the world. At present there are more than 350 special economic zones all over the world, spread throughout some 70 countries, including developed, developing, and socialist ones.

As far as China is concerned, running the SEZ's as an experiment can provide us with a medium for directly observing and studying capitalism. That the SEZ's have close connections with the international market and are highly responsive to foreign market changes will help us keep abreast of market changes and take appropriate policy measures. Through practice, the SEZ's will become a school where we can learn the skills to compete with foreign capital and learn how to apply the law of value in managing both macroeconomic and microeconomic activities and study modern science and technology and a base for training and bringing up qualified personnel needed in economic construction and foreign economic relations and trade.

Will Expansion of Imports Be Detrimental to Protection of National Industries?

We must have a correct understanding of the problem of how to protect national industries. Apart from protecting the domestic market and the development of national industries from being compounded by the willful inflow of foreign goods, more importantly, we should put the lifeline of industrial development in our own hands and not allow ourselves to be ordered about by others in this respect. Meanwhile, we must also understand that protecting national industries is for the sake of developing them. In the early days following the founding of the PRC, China's national industries were weak in foundation and small in number. Therefore, it was necessary to adopt a tight, protective policy. With the growth of our national industries, while promoting the entry of Chinese goods on the international market, we have expanded the import of some products in a planned and steady way. This is conducive to finding out where we lag behind others in the course of comparison and absorbing new nutrients, and to promoting related enterprises to upgrade their technology, improve their operations and management, and speed up the renewal and replacement of their products. This is also a form of protection for national industries.

Over the years, China's home electrical appliance industry has developed rapidly. The above practice is attributable to this rapid development. The import of advanced technology and equipment and the raw and semifinished materials that are in short supply domestically will all the more directly serve the needs of upgrading and developing national industries. Therefore, instead of presenting a blow to national industries, opening up to the world and importing foreign capital and advanced technology and equipment will just stimulate the growth of national industries.

Since the last quarter of last year, imports have drastically increased. Imports in the January-September period of this year were 66 percent more than the figure in the corresponding period of last year and the increase in the volume of exports was limited and thus there was a rise in China's trade deficit. Most of the imported commodities were necessary but there were also some problems with them. First, there was a sharp increase in the import of assembly lines and raw and semifinished materials. This resulted in the expanded scope of capital construction and abnormally high industrial growth rates and was detrimental to the coordinated development of the national economy. Second, the import of various high-grade consumer goods was done excessively. Due to the lack of strict controls and multiheaded leadership in the import business, the import of such high-grade consumer goods as automobiles, color television sets, and refrigerators increased 100 percent over the total import volume of last year. This not only cost more state foreign exchange but also had adverse effects on domestic industries. Having discovered these problems in time, the CPC Central Committee and the State Council took decisive measures. Imports have now been put basically under control.

Adhere to Opening Up to the World, Resist the Corrosive Influence of Decadent Bourgeois Ideology

Opening up to the world is a long-term basic policy of our country and a strategic measure for quickening the pace of our four modernizations program. With the further implementation of the policy of opening up to the world and the inflow of advanced Western science and technology and managerial expertise, some Western decadent capitalist ideology and lifestyles are very likely to make inroads on our soil. It is entirely necessary and correct to remind people to guard against the development of unhealthy tendencies in dealings with other countries. However, it will be wrong if we attribute unhealthy tendencies to opening up to the world and advocate following the beaten track of national seclusion once again. We must persistently keep to a "dual tactics" policy, that is, opening up to the world and resisting the corrosive influence of capitalist ideology. It must be noticed that, compared with the effects brought by our policy of opening up to the world on accelerating the development of the productive forces, in the final analysis, the influence of these negative things is much less significant. So long as we have a sober understanding of these negative things, maintain due vigilance, and conduct ideological education with a clear objective in mind, we can reduce the negative things to the smallest possible amount.

ARTICLE DISCUSSES INVESTMENT PERFORMANCE, METHODS

HK201109 Shanghai SHIJIE JINGJI DAO BAO in Chinese 2 Dec 85 p 2

[Report by Miao Fuchun: "The Current State of Our Country's Investment Performance and Measures"]

[Text] How about the current state of our country's investment performance in fixed assets? What measures should our country adopt?

We should see that, at present, the policy of tightening investment has gradually achieved some successes: Loans provided to town and township enterprises, the amount of which was once increasing very fast, are now under the control of this year's plan; the loans for fixed assets have been provided strictly according to the plan and in a controlled way; until 15 November this year, with significant progress achieved in the reform of price and salary systems, the amount of currency input has been reduced by billions of yuan compared with that in the corresponding period of last year and it is estimated that currency input will be controlled by this year's state plan; tighter macroeconomic control has basically provided enough funds for purchasing farm and sideline products, products that are to be exported to earn foreign exchange, and products that sell well. Although investment in fixed assets increased greatly in the first half of this year, the rate of increase has been controlled since August, and has been significantly reduced in the second half of the year compared with that in the first. (The rate of increase has been reduced from more than 50 percent in the first half to less than 30 percent in the second half of this year).

Despite the above-mentioned changes, this year's investment scope in the whole country is still a little too big. The main reasons for this uncontrolled investment scope are: The state has failed to take control of the increase in the number of new projects. For example, more than 32,000 new capital construction projects started in the whole country between January and October, an increase of more than 9,700 projects over the same period last year; investment that is not included in the budget has increased too fast. In the first half of this year, investment not included in the budget increased by 90 percent compared with that in the corresponding period last year (investment included in the budget increased by 7.6 percent), and the increased momentum is still strong at present; investment in capital construction, not stipulated in the plan, has increased greatly compared with last year. Self-raised investment in capital construction and in projects for renewing and transforming enterprises owned by the whole people, and bank loans provided to enterprises owned by the whole people are still increasing at present. So, generally speaking, as last year, this year's investment scope is again very big.

What should be noted is that when old economic and management structures are being turned into new ones, five new characteristics of investment in fixed assets have emerged:

The delegation of decision-making power of investment. The decision-making power of investment has been changed from a relatively centralized one into a relatively delegated one. In recent years, investment not included in the budget has increased very fast, and most investment has increased beyond the control of the state plan and has accounted for a very big proportion of the total amount of investment of the whole country, all of which have manifested in the delegation of the decision-making power of investment. As far as the situation in the implementation of the "Sixth 5-Year Plan" is concerned, investment not included in the budget accounts for more than 80 percent of that stipulated in the state plan, whereas investment included in the budget increased by only a little over 10 percent compared with that stipulated in the state plan.

This year, investment in fixed assets not included in the budget, accounts for approximately two-thirds of investment owned by the whole country, and for three-fourths of investment in fixed assets of the whole society.

The plurality of the main source of investment. The enthusiasm in investment of various economic factors and forms has been aroused. In 1984, investment owned by town and township collectives accounted for around 13 percent total investment in fixed assets of the whole society, while investment owned by town and township residents accounted for around 22 percent of it.

This year, investment owned by town and township collectives and residents has accounted for about 35 percent of the total investment in fixed assets of the whole society. Along with the increase of decision-making power, enterprises will become one of the main sources of investment.

Multiple sources of investment. In the past, the main source of investment has been funds allocated by the state. However, at present, the main sources of investment are: Funds allocated by the budget; domestic loans; funds raised by localities; funds raised by enterprises; funds raised by town and township enterprises; funds collected from various sources; foreign funds (including direct investment and loans) and so on.

Multiple forms of investment. Apart from horizontal investment from the top to the bottom, horizontal investment between departments and regions has emerged. Combined operations centering on one trade and simultaneously engaging in other trades has also emerged. In some areas, various kinds of stock economy has emerged.

Under the influence of the law of value, investment behavior has been strengthened. Because the aim of local investment is to develop the local economy, there are the problems of pursuing output value, production speed, local political achievement, social welfare and so on. The investment behavior of enterprises is concentrated mainly on pursuing economic purposes, such as: Retaining more profits; spending more money on workers welfare; distributing more bonuses; strengthening the competitive strength of the enterprises; providing more employment opportunities for the workers and so on. In a word, the investment behavior of enterprises now mainly concentrates on earning more profits.

The new characteristics above are of a dual nature. On the one hand, they are beneficial to invigorating the economy and readjusting the investment structure. On the other hand, they can easily get out of control and scatter investment. At present, we must try to make the best use of the situation and bring the positive factors into full play and overcome and prevent negative factors.

In order to further control the scope of investment in fixed assets, strengthen the macroeconomic administration, guide investment direction and achieve more investment benefits, we must strengthen our work in the following 10 aspects in light of the present situation:

In order to maintain the balance between total demand and total supply in the whole society, the superdistribution of national income should be stopped. The accumulation rate must be reduced to less than 30 percent. The increase rate of investment must be adjusted to conform with the increase rate of national income and the increase rate of production of the means of production; the increase rate of consumption funds must be adjusted to conform with the increase rate of the production of consumption means. The strengthening of the overall management of fixed assets should not only aim at units owned by the whole people but also at units owned by collectives, individuals and units that use foreign funds; not only the scope of past investment but also the total scope of investment in projects under construction should be controlled. Industrial policies, trade plans and regional development plans must be formulated as quickly as possible so as to make the best use of limited funds and push forward with the rationalization of investment structure. A scientific investment decision-making system should be established so as to prevent and ban "fishing expeditions" and "head-nodding" projects. The proportion of funds for renewal and technical transformation in the investment of fixed assets should be raised so as to ensure that funds will really be used for the renewal and technical transformation of technologies and equipment. The reform of credit should be well carried out and the role of banks should be brought into full play. The investment responsibility system should be established and perfected and investment legislation must be strengthened. The investment information system and the readjustment and control system must continuously be perfected so as to reduce or prevent the blind repetition of imports, construction and investment.

COMMENTATOR URGES BUILDING CIRCULATION FACILITIES

HK201409 Beijing RENMIN RIBAO in Chinese 15 Dec 85 p 2

[Commentator's article: "Build Up the Infrastructure"]

[Text] China's rural commodity economy has developed rapidly in recent years. However, there are still problems in coordination. For example, the commodity rate of various farm and sideline products has increased markedly, but rural transport and communications, storage, packing, processing, and other basic facilities did not develop correspondingly, which hampered the development of commodity production. The contradiction is becoming increasingly acute with the growth of the rural economy. Therefore, it is a pressing task at the moment to strengthen the building of basic facilities for circulation in the rural areas.

Many people are puzzled by recent difficulties in rural areas in selling one or other kind of farm product. Many localities have reaped harvests in grain, vegetables, fruit, and meat, but cannot solve the problems of transport and selling, and as a result the products turned rotten. This has become a hard nut for them to crack. In other localities, however, these farm products are out of stock and in short supply. For example, while maize and sorghum are piled up in the northeast and ready to be transported to other regions, there is a short supply of fodder grain in the south. Consequently, the localities in the south had to feed pigs with rice. The fundamental reasons for such a phenomenon are the weak links of transportation facilities, storage, and turnover.

China's rural commodity production has been in an underdeveloped state for a long time. Furthermore, we neglected building basic facilities for circulation. As commodity production has developed unprecedentedly in recent years, it is understandable that the building of basic facilities for circulation has failed to correspondingly follow the trend. Nevertheless, we must be aware that the backwardness of circulation facilities will gravely affect the smooth operation of the commodity economy as a whole. While developing the rural commodity economy, we must develop production on the one hand, and also pay attention to circulation on the other hand. We must pay great attention to the building of circulation facilities like laying the foundation for a house. We must increase capacity and turnover capacity and build up the foundation for commodity production. It is wrong to believe that production and marketing can bring about immediate benefits and that circulation facilities do not produce benefits or gradually bring about benefits. Moreover, it is shortsighted and not good to neglect the latter.

In strengthening the building of basic facilities for circulation, we still have the following difficulties: First, shortage of funds; second, lack of technology; and third, lack of experience in mobilizing the thousands upon thousands of scattered peasant households to build the basic facilities for circulation. So long as we take an active attitude and attach great importance to the matter, we will surely be able to overcome these difficulties. We must extensively mobilize the forces in all fields including the vast numbers of peasants. We must rationally combine the efforts of the state, locality, cooperative economic organization, and peasant, and give full play to their initiative. In accordance with the principle of "beneficiaries voluntarily collecting funds and investors enjoying priority in getting profits," Huaiyuan County has adopted various measures to build basic facilities for circulation. This experience can be used for reference. The practice in Huaiyuan County shows that he who pays attention to the building of basic facilities for circulation in the rural areas will gain the initiative in stabilizing and expanding commodity production and be the first to benefit from the solid foundation laid by them.

GUANGMING RIBAO ON WHO FACTORY DIRECTORS REPRESENT

HK180305 Beijing GUANGMING RIBAO in Chinese 7 Dec 85 p 3

[Article by Wang Chengrui: "On the Question of 'Who a Factory Director Should Represent'"]

[Text] After the adoption of the factory director responsibility system and the separation of management authority from ownership in enterprises owned by the whole people, some administrative departments still directly interfere in the normal business activities that should be directed by factory directors, but some factory directors merely pay attention to enterprise interests at the expense of state interests when handling the business of their enterprises. In view of these problems, some people think that it is necessary to clarify the position of factory directors and they raise the question of "who a factory director should represent." In my opinion, the question itself may lead to confusion, and the discussion of such a question may not help clarify the factory directors' role in enterprise reforms.

To answer the question of "who a factory director should represent," people may say that "a factory director should represent his enterprise" or that "a factory director should represent both his enterprise and the state." These two answers may find foundation from economic and legal relations in reality. However, to find a clear and definite answer, one should first know from what angle the question is raised.

From the angle of factory directors' management activities, they should merely represent enterprises and should not represent "both their enterprises and the state." This is because under the conditions of socialist planned commodity economy, an enterprise is a relatively independent commodity producer with the status of a legal person, and the factory director is the representative of this legal person, so he can only perform his duties in the name of his enterprise. At the same time, the management authority exercised by the factory director in business activities is given by the state to the enterprise, so the factory director can only represent the enterprise in exercising the authority in business activities. If the factory director represented "both the state and the enterprise," that would just mean that the management authority had not been really delegated to the enterprise and the business activities of the enterprise would remain directly in the control of the relevant government departments. This would obviously go against the reform principle of reinvigorating enterprises.

From the angle of economic interests, the factory director should not merely represent the enterprise, but should represent "both the enterprise and the state." That is, he should be a "dual representative of enterprise interests and state interests." This is because, on the one hand, the state is the owner of the enterprise and has the right to place its representative in the enterprise to represent the interests of the whole people, so the factory director should be a representative of the state interests; and on the other hand, the enterprise is a relatively independent commodity producing unit that has its own special interests, and the enterprise interests constitute an important motive force for the enterprise to conduct productive activities, so the factory director should also represent the enterprise interests. The factory director can simultaneously be the representative of both the state interests and the enterprise interests because the two parts are, in fact, identical, and both should be achieved through the successful operation of the enterprise.

The above discussion shows that the factory director holds different positions when the question is approached from different angles. No matter from what angle the question is approached, the position of the factory director should be determined by economic and legal relations, or speaking more accurately, the factory director just demonstrates economic and legal relations in reality. Therefore, if the management activities of some factory directors are restrained or controlled by some government departments, or if factory directors cannot properly handle the relationship between the state interests and the enterprise interests, the reason does not lie in the unclear definition of the position of factory directors; instead, the reason lies in the fact that existing economic relations have not been rationalized and the existing legislation is not yet perfect. So, such problems will not be solved by discussing in theory the question of the capacity of factory directors; instead, what we should do is to continue to perfect our economic and legal relations through reforms so as to give a definite scope for factory directors in their management activities and to ensure the interests of all parties concerned.

DENG LIQUN VIEWS IDEOLOGICAL, POLITICAL WORK

OW210515 Beijing XINHUA Domestic Service in Chinese 1520 GMT 20 Dec 85

[Text] Shanghai, 20 Dec 85 (XINHUA) -- Comrade Deng Liqun, member of the Secretariat of the CPC Central Committee and adviser to the Chinese Research Society on Ideological and Political Work Among Staff Members and Workers, said today: Our ideological and political work contingent is a good one capable of standing tests and trusted by the party and people. It is imperative to mobilize people in all quarters to do successful ideological and political work. And the ideological and political work research societies at all levels must act as advisers and assistants to party committees. He made the above remarks at the closing session of the second annual meeting of the Chinese Research Society on Ideological and Political Work Among Staff Members and Workers.

Deng Liqun said: Now is one of the best and crucial periods since the founding of the People's Republic. This refers not only to the economic and political situation but also to the situation of ideological and political work. This is a result of the joint efforts made by the whole party, the whole Army, and the people throughout the country, including of course, the efforts of all comrades engaged in ideological and political work. Under the party's leadership, these comrades have upheld the four basic principles, proceeded from reality, formed ties with the masses, conducted investigations and studies, worked industriously, earnestly, and painstakingly, and willingly endured hardship and blame. They have constantly summed up experience, made new innovations, done a lot of work, and played their due role to the fullest, resulting in a great advance in the ideological and political work on all fronts.

Deng Liqun pointed out: Confronted with many new circumstances and problems, our party's ideological and political work needs to be strengthened and improved. Because of this, we should mobilize people from all quarters to make our ideological and political work a success. These people include a vast number of cadres doing ideological and political work among staff members and workers, professors and experts in the related fields, and "ideological and political work artists" like Li Yanjie, Zhu Boru, Zhang Haidi, Liu Ji, and Qu Xiao. Deng Liqun then spoke highly of the role of research societies on ideological and political work among staff members and workers. He said: Ideological and political work can be classified into work on the first line and second line, or "hot line" and "cold line." Incumbent ideological and political work cadres are on the first line, or the "hot line," because every day they have to deal with and answer the various questions presented by reality.

Ideological and political work research societies are on the second line, or the "cold line," because they can answer the various questions presented by reality in a relatively unhurried, meticulous, and thoroughgoing manner, and take the "difficult points" of ideological and political work as the key points for their studies. He hoped that these research societies would broaden their view in doing research work, make more intensive studies, and act as good advisers and assistants to party committees at various levels. In his opinion, those veteran comrades who have withdrawn themselves to the second and third lines can play a very big role in this regard.

Deng Liqun pointed out: At present some localities and departments are not paying much attention to ideological and political work. Their political work contingents have been weakened, and their political work organizations are not sound enough. All these problems must be resolved. To strengthen and improve ideological and political work, the key requirement is that cadres engaged in ideological and political work should have a sense of self-confidence, self-strengthening, and self-respect and a firm faith in the work they are doing, be strict with themselves, take the lead to improve party style and discipline, and make their work a success with an indomitable will and a pioneering spirit. He commended the deeds of utter devotion to the party's ideological and political work performed by Xiong Yuanqi, former head of the Propaganda Department of the party committee of the Jiangnan Petroleum Administrative Bureau's instrument plant, who died of cancer, praising this comrade as a brilliant example for all political work cadres in the country to follow. He said that Xiong Yuanqi's thought that all political work cadres were required to have self-confidence and to strengthen and respect themselves should be regarded as a motto for all cadres engaged in ideological and political work. (Not long ago, Xiong Yuanqi was given the glorious title of "Model Ideological and Political Worker" by the Ministry of Petroleum Industry.)

Today, Comrade Deng Liqun dwelt on several subjects, including the current situation of ideological and political work; the four basic principles as the foundation of all policies; grasping the building of the socialist material and spiritual civilizations simultaneously; the necessity of understanding and constantly studying the overall situation of the multiform economy and diversified operations with the state-owned economy as the leading factor; the hope that everyone will study the question of distribution; the necessity of studying the various economic forms and economic laws and their interrelations; the question of Marxist theories on man's social being and social consciousness and on the economic base and superstructure versus ideological and political work; the exemplary role of party cadres as a decisive factor for improving party style; and the question of bourgeois liberalization.

Deng Liqun pointed out: Problems that have appeared in the course of reform can only be resolved by means of reform. We cannot resort to old methods to resolve these problems. True solutions to ideological problems and the development of the role of ideological and political work cannot be separated from the work of continuous improvement of economic policy. He said: In the course of improving the enterprise-leading system, it is imperative to keep to the three principles set by the party Central Committee -- that is, collective leadership by the party committee, administrative direction by the plant director, and democratic management by staff and workers. The party committee should concentrate its efforts on ideological and organizational work. It should be a success in mass work as well as ideological and political work and see to it that the party really takes care of party affairs. The administrative leadership is also required to do ideological and political work, and so are all party members.

The second annual meeting of the Chinese Research Society on Ideological and Political Work Among Staff Members and Workers opened on 14 December in Shanghai. It lasted 7 days.

YU QIULI URGES IMPROVING QUALITY OF PLA CADRES

OW222016 Beijing XINHUA Domestic Service in Chinese 1338 GMT 22 Dec 85

[By reporter Zheng Guolian]

[Text] Guangzhou, 22 Dec (XINHUA) -- In his speech delivered at the session of secretaries of parties committees at the three levels and the enlarged meeting of the Guangzhou Military Region party committee on 21 December, Yu Qiuli, member of the Political Bureau of the CPC Central Committee and director of the PLA General Political Department, emphatically pointed out: Right now, PLA units must build a mighty contingent of cadres, help cadres improve their qualities, and assist the leading bodies in raising their ideological standards and improving their work style.

He said: In modernizing the Army we must have not only modern weapons and equipment, but also cadres with high political awareness who are able to master advanced military technologies and manage modern army units. In helping cadres improve their qualities, we must help them broaden their general knowledge and also pay attention to the following three issues:

1. We must help them raise their political standards.
2. We must help them improve their military qualities and enlarge their capabilities in organizing and command PLA units and in supervising and educating the fighters.
3. We must help them foster a good work style and do solid work.

Yu Qiuli said: To build a contingent of competent cadres, we must pay full attention to building leading bodies. Right now, we must regard the improvement of work style and party style as our primary task in building leading bodies at all levels.

On how to help the Army further correct its party style, Yu Qiuli put forward the following four requirements:

1. We must proceed from the leading organs and from the leading cadres. The leading organs at all levels must conduct a serious self-examination this winter and next spring on party style in their organ. In correcting the party style, leading cadres at all levels must set good examples, begin with themselves and their own units, and use their own exemplary deeds for the cadres and fighters at the lower level to follow.
2. We must sum up both positive and negative experiences, using them to educate the broad masses of cadres and fighters.
3. We must strengthen the regular activities of party organizations. The fundamental way to correct party style is to strengthen party building and the regular activities of all party organizations. At the regular meetings to carry out various party activities, it is necessary to periodically check party style and conduct criticism and self-criticism.
4. We must strengthen our concept with regard to the masses, and maintain close touch with them. The leadership at all levels must regularly go among grass-roots units and fighters to enthusiastically help the basic-level units overcome some of their difficulties.

GUANGDONG'S SIXTH 5-YEAR PLAN RESULTS REPORTED

OW201302 Beijing XINHUA in English 1201 GMT 20 Dec 85

[Text] Guangzhou, December 20 (XINHUA) -- Guangdong's provincial income is expected to have increased at an average annual speed of 11.5 percent during the sixth five-year period (1981-1985).

A local official noted here today that the gross domestic product of the province is also expected to have increased at an annual rate of 12.8 percent.

Altogether, 325,000 kw have been added to the installed capacity of Guangdong's large thermal power plants during the five-year period.

He said the cargo-handling capacity of the province's ports have increased by over ten million tons during the period.

The province is expected to have earned about 12.2 billion US dollars from exports during the five years, a 63.2 percent increase over the figure for the previous five-year period.

Meanwhile, the foreign funds introduced by the province in the five years are expected to reach 2.5 billion US dollars by the end of this year, 8.3 times the figure for the previous five-year period, he noted.

GUANGXI CHAIRMAN DISCUSSES ECONOMIC WORK AT PLENUM

HK201352 Nanning Guangxi Regional Service in Mandarin 1130 GMT 18 Dec 85

[Text] Yesterday, the regional people's government convened a plenary session, which was attended by responsible comrades of various committees, offices, departments and bureaus of the regional people's government. At the plenary session, Wei Chunshu, chairman of the regional people's government, made a report on the economic situation in 1985 and the focal points of the 1986 economic work.

Comrade Wei Chunshu said: In 1985, the region has concentrated its efforts on economic work on the basis of accomplishing the work of solving problems left over from history and realizing the situation of stability and unity. The region has seriously implemented the principle of reforms and opening up, as well as instruction of the CPC Central Secretariat. Therefore, the region has made great headway in economic construction and has improved the financial situation remarkably.

On agriculture, as a result of readjusting the production structure and developing diversified operations, the region has increased the output of cash crops and other crops, excluding grain and peanuts, in this year of disasters. The region has also increased the output of forestry, animal husbandry, sideline production industry, and fishery. It is estimated that the gross agricultural output value will still have increase by about 3.5 percent over last year.

On industrial production, the region has created a new situation in which industries develop in a continuous, steady and coordinated way. It is estimated that the gross industrial output value will have increased by about 18 percent over last year. The economic results of industries have been greatly improved, so that there has been a simultaneous growth in output value, profits, tax delivery, and revenues. It is expected that the region will fulfill this year's investment plan in capital construction.

On financial revenues, the region has put an end to the fluctuating situation which lasted for several years and achieved a rapid growth. Its amount is so large that it has reached an all-time high and yielded a surplus. The region's export volume has increased by 14 percent over last year, and the region has overfulfilled this year's target by 24.6 percent. The region has also made breakthroughs in using foreign capital, totalling more than \$200 million, or more than the sum of the past 6 years.

In the wake of economic development, the people's livelihood has been further improved. Both the wages of workers and the per capita income of peasants have increased considerably. Such undertakings as culture and education, science and technology, public health and sports have also been developed. The natural growth rate of population has been reduced.

Comrade Wei Chunshu said: Since the region expedited this year's economic development, the region's situation in fulfilling the Sixth 5-Year Plan is better than we expected. The region will fulfill or overfulfill most of the 1985 targets.

Comrade Wei Chunshu pointed out: Under this good situation, we must also realize that there are many problems in the region's economic work.

First, in industrial production, the consumption of raw materials has not been reduced and there is no plan for turning losses into profits. The quality of some products is getting poor and the standards of quality cannot be maintained.

Second, the agricultural base is very weak and is poor in fighting disasters. Some localities acted too hastily in readjusting the area of grain production, so that the output volume of grain has sharply dropped, affecting the livelihood of some people.

Third, the region's expenditures greatly increased. Therefore, we must be sober-minded so that our reforms and construction work will be carried on.

On the region's 1986 economic work, Comrade Wei Chunshu said: In 1986, the guiding ideology for our economic work is to resolutely give priority to reforms and to further implement the principles of invigoration and opening up. Under the prerequisite of improving the economic results and quality of products, we should maintain a continuous and steady growth rate. At the same time, we must do well in readjusting the economic structure and production planning. We must further rationalize the economic relations, so as to create conditions for achieving the Seventh 5-Year Plan and invigorating the economy for the next decade.

Our focal points in the 1986 economic work are: First, to unswervingly carry out reforms in an in-depth manner; second, to grasp grain production firmly, to diversify operations, and to strive for a bumper harvest in an all-round way; third, to maintain a continuous, steady and coordinated industrial development; fourth, to seriously grasp the transport, postal, and telecommunications undertakings in urban and rural areas; fifth, to do well in building key projects; sixth, to strengthen financial work and stabilize market prices; seventh, to do well in science and technology, and actively popularize skills; and eighth, to uphold the practice of grasping simultaneously the building of two civilizations.

NEI MONGGOL DEPUTY SECRETARY ON ENDING CORRUPTION

SK211138 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 20 Dec 85

[Text] Bu He, deputy secretary of the regional CPC Committee and chairman of the region, spoke at the rally of party-member cadres of the organs directly under the region. He pointed out: Party and government organs and leading cadres at all levels should conscientiously study and implement the circular of the central authorities, thoroughly understand its guidelines, and earnestly do a good job in eliminating all corruption.

In his speech, Bu He first called on party and government leaders at various levels to correctly understand the current situation. He said: The current situation in various fields of the region is very good, as in other regions of the country. We can even say that today is one of the best historical periods since the founding of the country. The mainstream of the work style of organs is also good. Through party rectification, in particular, political awareness and professional competence of leading persons at all levels have been greatly enhanced, and the work style of the contingents of cadres has also greatly improved.

However, we should also note the negative aspects. The unhealthy trends that the central authorities have banned through repeated injunctions have not been totally checked, and, in some cases, have even increased. Although this is not the mainstream, we should still pay close attention to it. If we do not maintain vigilance, we will divorce ourselves from the masses to a serious extent, and seriously harm economic construction and other fields of work. Party and government leaders at all levels should understand the seriousness of the problem.

In analyzing why some corruption has appeared in the work style of organs, Bu He pointed out: Some cadres, party-member leading cadres in particular, have lost contact with reality and overestimated the development of production and the improvement of the people's living standards. Therefore, their idea of being the first to bear hardships and carrying out arduous struggles has waned, and the bad practices of going in for ostentation and extravagance, vying with one another for wealth, and seeking ease and pleasure have gradually developed. Some systems, management systems in particular, are not perfect, and, therefore, provide some loopholes for persons seeking selfish gains. Following the implementation of the policy of opening to the outside world and enlivening the domestic economy, some bourgeois ideas have also emerged. Such are the reasons for the corruption in the work style of organs.

Bu He urged: We should adhere to the principle of seeking truth from facts in eliminating corruption in the work style of organs, and solve any problems or eliminate any corruption that exists. We should distinguish between what is correct and what is not, as well as between serious problems and those of a general nature, and refrain from doing the work sporadically. We should do the work consistently. We should intensify the education of party-member cadres at various levels, and advocate the fine work style of arduous struggles. We should strengthen the study of Marxism-Leninism, continuously raise the political awareness of the masses of party members, foster the ideas of performing our duties honestly, seek no selfish interests and serve the people wholeheartedly, and foster lofty communist ideals. At the same time, we should establish strict rules and regulations. Leading cadres at all levels must take the lead in resisting and correcting unhealthy trends.

Bu He stressed: Party and government organs should strengthen ideological and political work, and formulate methods for resolutely resisting bad ideas and bad work style.

For this reason, leading persons at various levels should often go to grass-roots units or the units at lower levels, and solve problems whenever they are discovered. They should intensify the study of the party's principles and policies and continuously enhance their competence in implementing policies and carrying out professional work. They should resolutely guard against, prevent, and correct various oversights and omissions, and do the work of their own departments successfully and in a creative manner at their own work posts.

WORLD BANK LOAN TO BOOST ECONOMY IN TIANJIN

OW211243 Beijing XINHUA in English 1212 GMT 21 Dec 85

[Text] Tianjin, December 21 (XINHUA) -- Tianjin authorities have borrowed 44.43 million U.S. dollars from the World Bank since 1982 to import 21 items of new technology, said an Investment Bank of China official.

When all these items become fully operational in 1987, they will boost the city's annual output value by 500 million yuan, and increase profits by 100 million yuan, said Li Boming, vice-president of the bank's Tianjin branch.

This increased production is expected to generate 40 million yuan in taxes a year, and the World Bank loans should be paid off within three years.

Eight of the 21 imported items will be used to make export goods, five will manufacture products which now have to be imported and the rest will produce goods now in short supply, said Li. So far, nine have been put into operation or partial operation.

A five-million-dollar World Bank loan has enabled a copper factory to manufacture polyester industrial netting, a new product which Li said met advanced world standards.

The 21 imported items, including equipment for light industry, and textile and chemical manufacturing, have been imported from 10 countries.

TIANJIN ALLOWED TO OBTAIN FOREIGN LOANS DIRECTLY

OW211048 Beijing XINHUA in English 0737 GMT 21 Dec 85

[Text] Tianjin, December 21 (XINHUA) -- With the approval of the central government, Tianjin, one of China's 14 coastal cities open to foreign investment, may now take out foreign loans directly.

This move has been made in a bid to ease the city's shortage of funds for the construction of joint ventures.

The city has entrusted the local branch of the Bank of China and the Tianjin Municipal International Investment and Trust Corporation with the task of obtaining about 50 million U.S. dollars in foreign loans this year, and is hoping for 150 million U.S. dollars next year, said an official of the city government.

The loans will be used to support Chinese partners of Chinese-foreign joint ventures as their part of investment or as working capital and for technical transformation projects.

There are now about 143 joint ventures in Tianjin, involving 450 million U.S. dollars of investment, including 218 million U.S. dollars of direct investment. Out of these, 54 ventures earned about 124 million U.S. dollars in the past couple of years, and only one enterprise lost money, said the official. Recently, the city government's delegation to Japan signed more than 50 agreements on cooperative projects.

JILIN MAKES PROGRESS IN TOWNSHIP ENTERPRISES

SK211325 Changchun Jilin Provincial Service in Mandarin 2200 GMT 20 Dec 85

[Text] During the Sixth 5-Year Plan period, our province has made even greater developments in township-and town-run enterprises. It is expected that the output value realized by the township-and town-run enterprises this year will reach 3.58 billion yuan, 4 and 1/2 times greater than that of 1980. So far, the province has more than 140,000 township-and town-run enterprises with the employment of about 800,000 people.

Along with the extensive development of the rural economic restructure, our province's township-and town-run enterprises have turned their operation from the collectives only to the collectives, individuals, or cooperation between collectives and individuals. The collectively owned village enterprises have been further vitalized through carrying out the system of letting managers, all of the workers, or individuals assume full responsibility on a contract basis. The peasants' income has increased along with the development of these enterprises.

RESIDENTS OF LIAONING CITIES TO BE ISSUED ID CARDS

SK211154 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 20 Dec 85

[Text] On 19 and 20 December, the provincial government held a work meeting on issuing identification cards to the residents of five cities including Dalian and Anshan. The meeting called on the relevant departments to work together to achieve the work of issuing identification cards to residents.

In his speech at the meeting, Vice Governor Zuo Kun pointed out: Issuing identification cards to residents is a key measure for safeguarding political stability, enlivening the economy, building a fine social order, and effectively safeguarding the legal rights of citizens in the present situation created by our country's policy of enlivening the domestic economy and opening to the outside world, as well as an important reform of our country's residence registration system.

(Guo Dawei), deputy director of the provincial Public Security Department, outlined the work of issuing identification cards to our cities' residents. He said: Our province plans to fulfill the work of issuing identification cards to urban residents in 3 years. This year, Shenyang City has made full preparations for issuing identification cards to residents. It is estimated that 3.6 million residents in Shenyang City will be issued residents' identification cards by next May or June. The five cities of Dalian, Anshan, Fushun, Benxi, and Tieling should fulfill the work of issuing identification cards to their residents by next year. (Guo Dawei) also set forth specific ideas on and requirements for achieving the work of issuing identification cards to residents.

JI PENGFEI GIVES HONG KONG PRESS CONFERENCE 21 DEC

HK210630 Hong Kong Domestic Service in Cantonese 0300 GMT 21 Dec 85

[Press conference given by Ji Pengfei, PRC State Councillor and director of the State Council's Hong Kong and Macao Office, in XINHUA NEWS AGENCY Building, Hong Kong -- live, in Mandarin, with passage by passage Cantonese translation]

[Text] [Moderator] Ladies and gentlemen, today Director Ji is giving a press conference on his visit to Hong Kong. First, I welcome and express thanks to everyone for attending this press conference.

The Propaganda Department of the Hong Kong branch of XINHUA NEWS AGENCY issued a written notice asking you to submit questions in written form. I am very grateful to you for your cooperation in submitting questions as scheduled. The press units that have raised questions include SING TAO JIH PAO, SING TAO WAN PAO, FINANCIAL DAILY, HONG KONG ECONOMIC JOURNAL, WEN WEI PO, CHING PO DAILY, SOUTH CHINA MORNING POST, HONG KONG STANDARD, ASIAN WALL STREET JOURNAL, FAR EASTERN ECONOMIC REVIEW, HONG KONG DAILY NEWS, CHUNG PAO, SING PAO DAILY NEWS, MING PAO DAILY NEWS, TIN TIN YAT PO, TA KUNG PAO, TA KUNG PAO English edition, EXPRESS, COMMERCIAL DAILY, ORIENTAL DAILY NEWS, PAI HSING biweekly, CHEN MING monthly, Television Broadcast Limited, Asia Television Limited, Radio Hong Kong, Commercial Radio, and so on.

We shall ask Director Ji to answer the questions in categories after summing up sorting them out. Since there are quite a number of questions, he will not be able to answer all questions one by one. Some of the issues have been explained by Director Ji in speeches delivered during his visit to Hong Kong. Therefore, they will not be mentioned again at this conference. Due to the time limit, Director Ji does not plan to answer any impromptu questions. We hope that you will excuse this.

Today, several radio and television stations are broadcasting the conference live. In order to further improve the reception quality, we have asked Mr (Li Yu-wo) to translate the remarks and answers of Director Ji into Cantonese.

Now, we ask Director Ji to make a speech and answer the questions.

[Ji] Ladies and gentlemen, friends of the Hong Kong press: I have been visiting Hong Kong for 11 days and shall soon depart Hong Kong and head north. My visit to Hong Kong, the first anniversary of the signing of the Sino-British Joint Declaration, and the inauguration of the Basic Law Consultative Committee happen to have coincided. It is also an opportune moment. Through the visit, we have had an opportunity to gain an understanding on-the-spot of the situation in Hong Kong. It is a modern city, as well as a free port and a financial and trading center, which has established extensive and close links with many countries and regions. It now has much closer links with the motherland in the areas of politics, economics, culture and so on.

To continue to maintain Hong Kong's present status, and to maintain its stability and prosperity conforms to the interests of various parties. This is also an important starting point from which the Chinese Government formulates its policies toward Hong Kong.

During this visit, we had a friendly meeting with Sir Edward Youde. This is favorable for strengthening mutual understanding and friendly cooperation.

Following the signing of the Sino-British Joint Declaration, the friendly cooperative relations between the two countries have been further developed. Through this visit, I believe, we have promoted this kind of friendly cooperation. This is favorable for further implementing the Sino-British Joint Declaration.

During this visit, we met with, and exchanged views with the members of the Basic Law Drafting Committee who are in Hong Kong, friends of the Basic Law Consultative Committee, and representatives from various walks of life in Hong Kong. These activities have helped us better understand our Hong Kong friends' views toward various problems. This will greatly benefit both our common efforts to maintain the stability and prosperity in Hong Kong and the future drafting of the basic law for Hong Kong. Our current visit has been successful and attained our desired goal. However, due to the limited time available, it has been difficult for us to hold in-depth talks with more friends. Friends of the journalistic circles, making nothing of hardships, have covered a great deal of news on our current visit to Hong Kong. This spirit of being devoted to their duties and enthusiastically serving the readers is admirable. Here, I wish to extend my gratitude to them. Now, I am going to answer your questions.

[Moderator] Many friends have questions about the situation since the signing of the Sino-British Joint Declaration. Therefore, we first of all ask Chairman Ji to talk about the situation since the signing of the Sino-British Joint Declaration.

[Ji] In the year since the signing of the Sino-British Joint Declaration, the situation in Hong Kong has been fine. I have talked about this many times. The fine situation is shown chiefly by the social stability, economic development, and the people's greater confidence in the future. I think you and I have identical views on this question. Over the past year, the relations of friendship and cooperation between China and Britain have been further developed. As a result of the solution of the question of Hong Kong, a major question left behind from history, the relations between China and Britain have entered a new stage. In our opinion, the conditions of implementation of the Joint Declaration by the two sides since the signing of the Sino-British Joint Declaration have, generally speaking, been fine. In the process of jointly implementing the Joint Declaration during the 12-year period of transition, the Chinese and British sides will inevitably encounter problems of one sort or another. Precisely for this reason, the two sides decided to establish the Sino-British Joint Liaison group and the Sino-British Land Committee. As far as the present is concerned, and as we all know, the question of how Hong Kong will continue to participate in the GATT, the question of travel documents held by Chinese residents in Hong Kong, the question of how the government reform in Hong Kong will link up with the basic law, and so forth, will affect the implementation of the Joint Declaration. The maintenance of stability and prosperity in Hong Kong is an important question. I believe that the Chinese and British sides will continue to display the spirit of friendship and cooperation and solve this question properly.

[Moderator] Now, Chairman Ji is asked to answer questions concerning the work of drafting the basic law.

[Ji] During our current visit, we have learned that people of various walks of life in Hong Kong show deep concern for the work of drafting the basic law. This work has just begun. At present, energies have been concentrated on making investigations and extensively soliciting opinions. We are prepared to spend 4 to 5 years completing and drafting of the basic law. Some friends in Hong Kong hope that we can complete the first draft of the basic law at an early date. We also hope to quicken the speed, but drafting the basic law is a solemn, complicated, and meticulous task and there is no precedent to go by. If work is rushed, the product will probably be imperfect and will be unable to stand the test of history. Therefore, it is better to carry out the work prudently and carefully.

Some friends also ask questions about the right to interpret and amend the basic law. In my opinion, the basic law is formulated by the NPC. The right to interpret and amend the basic law naturally belongs to the NPC and its Standing Committee. As to the question that the Hong Kong Special Administrative Region is entitled to certain rights to interpret the basic law in the course of implementing the basic law, this will be studied and solved when the basic law is being formulated.

[Moderator] Many friends have asked questions concerning the future political system of Hong Kong. Will Chairman Ji please answer these questions?

[Ji] The political system of the future Hong Kong Special Administrative Region will be stipulated by the basic law of the Hong Kong Special Administrative Region. The Sino-British Joint Declaration set forth a number of principles regarding Hong Kong's future political system, for instance, the executive officials will be produced through elections or consultation and appointed by the Chinese people's government; the legislative organs will be produced by election, and so on.

When drafting the basic law, it is necessary to make relatively specific stipulations regarding the political system. The question of the political system is an important component part of the basic law. We cannot copy foreign systems nor can we copy China's internal system. We must follow the principle of one country, two systems and base ourselves on Hong Kong's reality and actual conditions in drawing up schemes.

At present we do not have any specific idea or blueprint regarding this question, nor do we have any fixed preconceived ideas. We must extensively solicit the views of the people of all sectors in Hong Kong in the course of drafting the basic law. We welcome everyone to put forward more views.

[Moderator] Some friends have raised the question of how to ensure a high degree of autonomy for the Hong Kong Special Administrative Region. I ask Director Ji to reply.

[Ji] The enjoyment of a high degree of autonomy by the Hong Kong Special Administrative Region is specifically laid down in the Sino-British Joint Declaration. On how to ensure the high degree of autonomy for the Hong Kong Special Administrative Region First, the principle of one country, two systems is the basic national policy for achieving the great cause of reunification and accords with the interests of the people of the whole country and the people of Hong Kong; second, the basic law of the Hong Kong Special Administrative Region will set out in legal form the Chinese Government's principles and policies on Hong Kong as set out in the Sino-British Joint Declaration, and this will be promulgated and put into effect by the NPC. This is the main guarantee.

[Moderator] Some friends have asked whether Hong Kong will still have freedom of speech and publication and of the press after 1997. I ask Director Ji to reply.

[Ji] After 1997, the Hong Kong Special Administrative Region will continue to maintain freedom of speech and publication and of the press. Under the premise of observing and not violating the laws of the Hong Kong Special Administrative Region, press and publication organs will be able to freely engage in their own work and activities.

I have concluded my answers. Thank you all.

[Moderator] The press conference is now ended. Thank you all for your cooperation. I ask Director Ji to be photographed with you all as a memento.

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